The Ministry of Education of Azerbaijan Republic

The Modern Approaches to The Business Management:

Franchising Application in Food Sector in Case of Azerbaijan

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Abstract

In this dissertation, I will give you information on the modern methods of business management: franchising application in food sector. Finally, I will evaluate the effectiveness of franchising for the food sector in Azerbaijan.

First of all, I will make a research on transformation from the traditional management to the modern. Within this research, a) Sub-Functions of Business Management; b) Approaches to Traditional Management c) Modern Approaches in Management d) Theoretically to examine Postmodern Approaches in Management and to apply Franchising in the food sector in different ways.

I'll give you information about the franchising initiatives created in the food sector of Azerbaijan in order to further improve the dewatering work by comparing Traditional Business Management Approaches and Modern Business Management Approaches Based on Organizational Structure and Functions.

As a continuation of the research, I will focus on modern business opportunities and their evaluation in Azerbaijan. So, I will tell you about the types of franchising, about the positive and the disadvantages. As a continuation of the research, I will explore the difference in Concession systems by providing information on Types of Concession.

Most recent Factors affecting success on Concession Systems I will complete my diploma work with my research on current state and potential franchising in Azerbaijan.

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Introduction

Since the Industrial Revolution, the prevailing paradigms in business management and business management have been changing and evolving day by day. Globalization and information technologies, which have dominated all over the world since the 80s, are becoming more and more influential in the practices they carry out in order to sustain the existence of organizations both in organizational structures and in the global competition.

In today's business world where the number of enterprises wanting to get a share of the market is increasing day by day, the companies are developing various strategies to penetrate as much as possible to the global or national markets. The sine qua non condition for the successful implementation of these different applications and strategies is that they adapt their systems, organizational structures and management approaches to the requirements of the system they aim at by renewing and improving them.

In this sense, the organizational structures and management approaches of the enterprises are in the center of the organic structure, which is presented by the classical organization model, which includes a relatively static, dense hierarchy and the mechanical elements come to the forefront, and the human factor can sometimes be ignored, allowing for more dynamic growth and expansion. They are evolving towards more modern structures with human factors.

The franchising systems, which can be shown as one of the modern business management practices, are noteworthy as the examples that can keep up with these changes can achieve high success levels.

The term franchising covers a variety of business relationships and is usually accompanied by a term of licensing. Franchising has become a means of organizing business, and has alternative features such as commodity identification and business expansion over the past 40 years.

CHAPTER 1

TRANSFORMATION FROM THE TRADITIONAL BUSINESS MANAGEMENT TO MODERN BUSINESS

1.1.1 Sub-Functions of Business Management

Management is a concept that includes multiple dimensions and can be described as relatively complex. This multidimensional structure is reflected in the content of the definitions of management. Lewis and others (2000) described the definition of management as “the art of ensuring that a variety of jobs or tasks are carried out by individuals”. Hit and others (1989) described the definition of management as “ensuring the coordination of various resources, such as time, material, economic power, manpower, or location in an efficient and adequate structure, in order to achieve the expected or desired objectives”. The management is the meeting of human resources with other resources. It can be said that the concept of management is an art.

Although the content or conditions of management differ from organization to organization, the basic functions, and principles of management are common to all organizations. The difference is how these functions are applied. For example, there may be differences in the implementation of the functions of management or the results obtained from these practices in enterprises with similar legal conditions, similar or common areas of activity, with similar organizational structures. This may be the case when one of the two businesses with the same field of activity is working with high efficiency while the other is below expectations or targets.

It is possible to mention that the perspective of the functions of business management has undergone various changes over time. In addition to the concepts of planning, organizing, and control, which are among the must-have management functions in terms of the classical management concept, various other concepts such as motivation, evaluation, allocating communication and determining the objectives have been added.

Although there have been various changes and developments over time, the position of the four functions, which are among the basic management functions, is still valid. These four basic functions are the function of planning, the function of organizing, the function of control, the function of orientation. Also, we can add the function of coordination as the fifth function. In the picture below we can see the relations between these 5 functions:

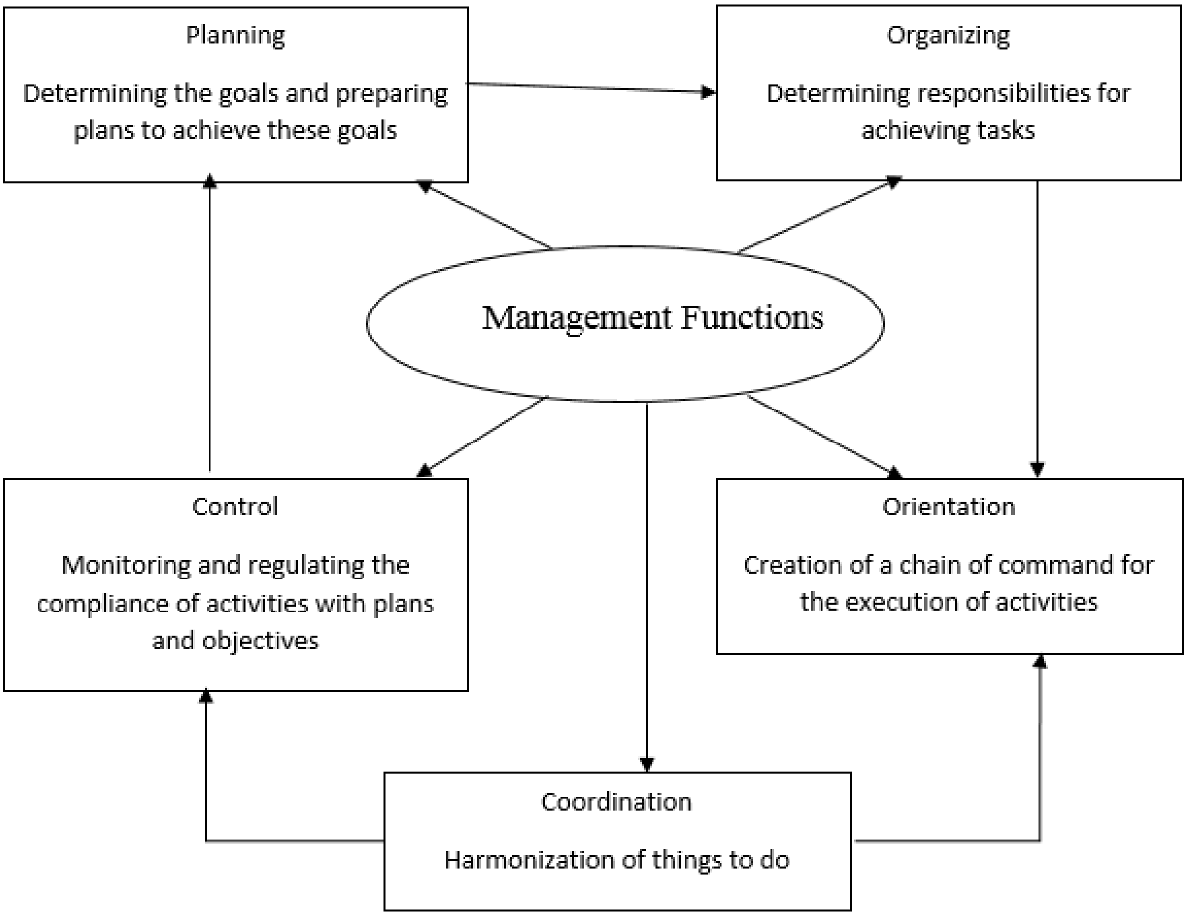

Figure 1. 5 basic management functions

Reference: Dincher and Fidan, 1996, s.153

Management activities are a series of processes formed by successive stages. The phases covered by this process are as follows: (Kochel, 2015)

- Planning
- Organizing
- Command
- Coordination
- Control

The following figure shows these phases.

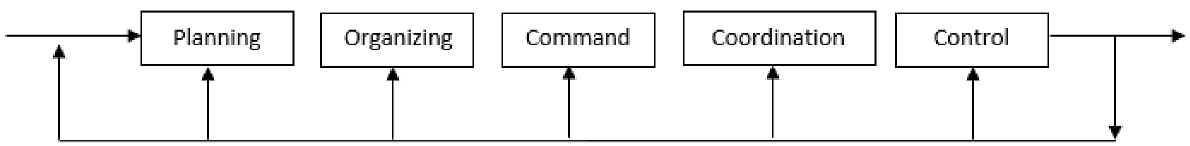

Figure 2: Main Processes of Management Process

Reference: Kochel, 2015, s: 246

In the following sections, the details of related management functions will be discussed.

1.1.2 Planning

In the most basic form, planning can be explained by determining in advance, what methods, where and by whom, the details of a process will be determined in advance. From this point of view, it is also possible to consider planning as a choice or selection process. (Carrol and Gillen, 1987). Planning, identifying long and short-range targets; the development of strategies and activities to be carried out for the realization of these objectives and the policies, procedures, and rules, etc. integration is required for implementation. (Robbins and others, 2002).

The planning function of the enterprise management is a series of efforts to select the one that will provide the most benefit to the organization among the various alternatives, including the future regarding the future, the future uncertainties and the taking into account the risks, including the efforts to determine the activities to be carried out by the organization.

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The implementation of the relevant planning process may not always be fully implemented through objective data. In addition to the objective data, there may be a system of values that the manager of the organization will have to take into account. At this point, various details such as individual beliefs thought the style and philosophical approaches can be taken into consideration. In a sense, future risk analysis and uncertainty analyses will be carried out in the planning processes where the elements related to individual and organizational culture can play an active role in the planning process. (Tosun 1992)

The three-dimensional planning objectives that determine the effectiveness of the planning process are expressed as the level of satisfaction with the performance and planning systems that emerged in the competition. (McKinley and Monte 2003)

In order to achieve the objectives or objectives of the business, planning is determined in advance. In this context, planning is the determination of the best ways to achieve success in achieving these goals and objectives. (Ozgen, 2001).

1.1.3 Organizing

Organization as a scope involves integrating the objectives, tools, and methods for them in a specific order in the planning process. (Tosun 1992) The details of such matters are as follows: In this way, sub-elements belonging to the division of labor within the organization are also formed. As a result, the elements based on this division of labor lead inevitably to the formation of groups of informal groups within the organization. When the number of informal groups within the organization multiplies, the functioning of other management functions may be difficult.

Organizing the identification of activities necessary to achieve business objectives and the implementation of plans; grouping activities by jobs; transfer of these activities to departments and persons; delegation of responsibility for performance and vertical and horizontal coordination of activities are defined in the organization of organizing the function.

Ulgen and Mirza (2004) list the sub-functions of the organization function as follows:

- Describing the necessary activities for the realization of the planned objectives and the implementation of the related plans
- Proper grouping of activities
- Appointment of the necessary employees for the relevant works
- Carrying out the appropriate transfer of authority to manage the resources that employees will need to perform the tasks they are assigned to.

• Establishing a network of relationships that work in coordination with each other

The organization is the main process for the integration of human, physical and financial resources in productive relations to achieve business objectives. It aims to combine employees and related tasks on a regular basis; so that the organizational work is coordinated together and all efforts and activities come together in accordance with organizational goals. (Ulgen and Mirza 2004).

1.1.4 Orientation

Orientation is the third function of management. For an organization whose planning periods have been completed and the organization processes have been carried out, it is now at this point the process of directing the employees is reached. In this sense, it is within the scope of this process that the organization takes action and various steering activities are carried out in order to reach the objectives determined in the planning stage. (Tinar, 1990)

The management function of the management is a function that aims to provide the most appropriate contribution for the organization to reach the objectives of the organization by directing the employees to perform the assigned works efficiently. An important part of this function is that employees are motivated by methods such as clarifying their tasks, guiding them towards business performance. Mutlu (2004) sub-functions of the directional function as follows:

- Communication
- Motivation
- Leadership

The leadership roles of the managers in the organization within the scope of the steering function are noteworthy as an important factor affecting the structure of the organization. Within the scope of this function, the leaders exhibit approaches that encourage the elements of the organization for these opportunities, both within and outside the organization. In short, the importance of the leadership function in terms of the orientation function is that leadership creates a vision of the organization and motivates the employees of the organization through necessary communication channels for activities that will strengthen this vision.

1.1.5 Control and Coordination

Control ensures that sectional, cross-sectional and individual shows are consistent with the predetermined objectives and objectives. Deviations from objectives and plans should be identified and investigated and corrective action should be taken. Deviations from plans and targets provide feedback to managers, and all other management processes, such as planning, organization, staffing, orientation, and coordination, are constantly reviewed and changed as needed. (Bursal, 2002: 11)

Muftoghlu (1999) lists the features of the control function in organizations as follows:

- Control is the last function of management processes with coordination function. It is a function that comes into play when the in-house performance is realized in accordance with the plans already established.
- It is a common function, which may cause difficulties for managers at every level.
- Control is a function that can handle the past and future. It can also make various interventions and changes depending on the expectations and control of the past in terms of the function of the control function.
- The control function is dynamic.

- The control function is progressive in coordination with planning. In this respect, it can be said that the control function will lose its functionality in the points where the planning is not carried out effectively.

The control function is a management function that functions within a systematic structure and can change scope according to the state of various elements or variables related to the organization. (Robbins and Coulter, 2004).

Table 1: Structure of Control Function According to Different Organizational Variables

Organizational		***Structure of Control***
Size of the Organization	Small	Unofficial and Personal Control
	Big	Non-Personal, Comprehensive Rules and Related
Organizational Position and Level	High	Too Many Criteria
	Low	Minimal and Easy Measurable
Degree of Departure from Organizational Center	High	Increasing Control Activities Number and Scope Expanding
	Low	The decrease in the Number
The Importance of the Activity in terms of Organization	High	Complex and Comprehensive
	Low	Control Activities that do not have Excessive Features

Source: Robbins and Coulter, 2004, pp. 384

According to Eren (1996), the main benefit of the control function in terms of the organization arises at the point of ensuring that other functions function properly and work efficiently. The scope of the control function includes the determination of standards for organizational performance and monitoring of employee outputs to ensure that employee performance is progressing in accordance with these standards. Performance control is very important for the overall success of the organization. The following figure shows the details of the control function for these control and monitoring processes.

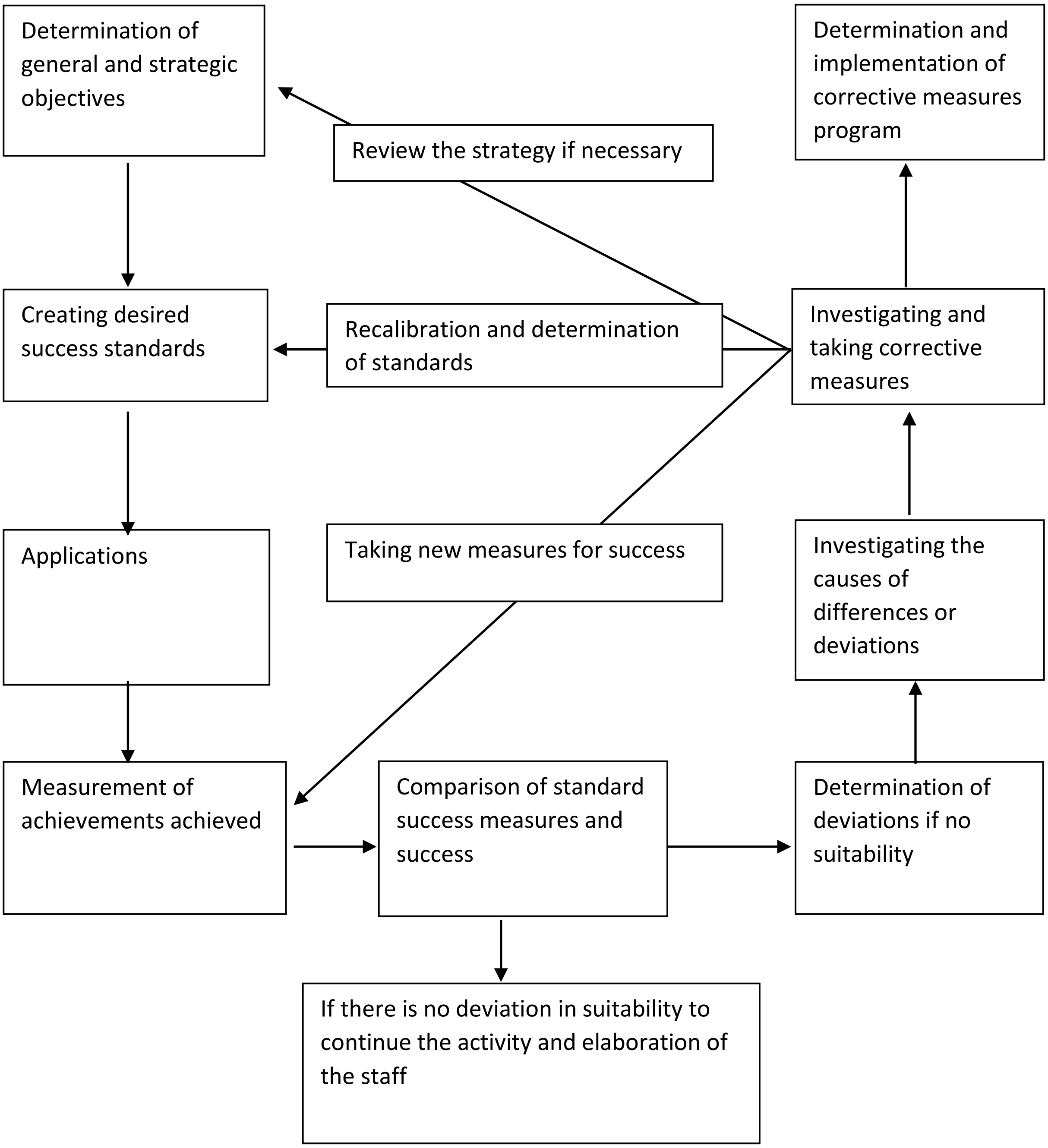


Figure 3: Management of Control Function in Organizations

Source: Eren, 1996, p: 231

Coordination function is one of the most important functions for the formation of organizational integrity and for the continuation of the existence of the organization. This organizational integrity can be ensured by aligning all activities carried out in coordination with the organization.

1.2 Approaches to Traditional Management

Sargut and Osen (2007: 8) examined the development of the science of management as a scientific discipline in the classical period, neo-classical period and modern period, especially after the end of the 20th century. Therefore, it would be appropriate, to begin with, the classical period or, in other words, classical management organization theory.

1.2.1. Classical Management Organization Theory

In the scope of classical management, organization theory consists of three basic approaches. They are the scientific management approach, bureaucracy approach, and management process approach. Although these three approaches are similar in terms of general philosophical viewpoints, their assumptions about the organizations, their scope, objectives, and the conditions that cause them to emerge, it can be said that they differ especially in terms of their approach to the dimensions of organizations.

The focus of these three approaches to the classical period is to increase the efficiency of the organizations. All three perspectives considered organizations as closed structures and these structures were designed as purely objective-oriented structures (Sucu, 2000).

It can be said that the basic assumption of the effectiveness and efficiency of the organizations in the main focus of these three approaches is that the basic assumption of the classical management approach is that the organizations will operate in a machine order in accordance with the predetermined rules. According to this conception, the human factor is relatively neglected when the physical features of the organization come to the fore (Gench, 2005: 62). In this sense, it can be said that the approaches to forming classical management organization theory are aimed at realizing the objectives of the organization and that the establishment of rationalism and an appropriate formal structure has come to the forefront and with this effect, simple and basic human factors are excluded from the evaluation. In a sense, the human is considered to be a mechanical part of the organization (Dixon, 2001).

1.2.2 Scientific Management Approach

Theoretically, the scientific management approach is an approach that has started to be discussed with the publication of Frederick Taylor's Principles of Scientific Management but has also contributed to the contributions of Charles Babbage, James Watt, Robert Owen and Lillian Gilbreth (Leblebici, 2008). Scientific management can be considered as a model with an experimental and analytical structure. This model is based on the application of scientific methods in the analysis of issues related to organizations, especially in the management of these issues. Again, the main focus of this model is on the studies carried out at the lowest levels of the organizations and carried out with bodily efforts. In this respect, it can be said that it is particularly focused on the planning and control activities related to production activities and production processes (Sucu, 2000).

With the emergence of the industrial revolution, the labor-related details of the basic issue in terms of production processes can be rearranged to increase the productivity levels of the organizations. Withdrawal is accepted as accepted (SHaylan, 2006). The focus of the work carried out by Taylor is the effort to find a method that can provide a precise and objective measurement of the duration of the completion of a specific work. The main paths for this purpose were movement studies. (Taylor, 2003: 25). Later, the work and time studies, which were further explored by frank and Gilbreth, were the subject of approaches for the most economical use of industrial workers. In these studies, the workers working in the industry, especially in the process of doing business with unnecessary movements, unnecessary distraction as a result of unnecessary work or work to create a tempo of doing work, the working environment of the workers to work and rest periods, the emergence of difficulties, as a result of the decrease in work efficiency, In addition, this situation is often seen as a negative impact on the employer as a loss of money and time (Eren, 2001). It can be said that the attitudes of researchers from Taylor schools to industry and workers are mainly technical. Another important feature of the studies carried out by Taylor is that it focuses on increasing organizational efficiency rather than focusing on structural problems of organizations (Mouzelis, 2001). Taylor's point of view towards the person who will do the work can be summarized as follows (Morgan, 2006):

- Organizational responsibility for the work should be taken from the worker and given to the manager or managers. In addition, the sole responsibility of the worker must be the fulfillment of the defined task.
- Finding the most efficient way of doing a job depends on the use of scientific methods.
- Workers who can do the best work planned should be selected.
- Workers should be trained in accordance with the instructions in accordance with the intended work.
- In order to ensure that the work is carried out in accordance with the predetermined processes and that the expected or desired results are obtained, continuous monitoring of the workers' performance is required.

The scientific management approach is designed as a whole science and aims to bring discipline to management. In this way, it will be possible to redesign the work processes related to the work processes and the continuous monitoring of the workers with the best ways of doing business, which will create the highest efficiency. As a result, the way the work is done will be realized with high efficiency and it will be easier to pay equal to equal pay for workers (Marshall, 1999: 70).

1.2.3 Management Process Approach

This approach, pioneered by Henry Fayol, focuses on the structural relations between the functional units within the organization. In this way, it is aimed to create and implement various principles of management and organization, to perform administrative functions and to manage the elements of authority (Sucu, 2000).

The point that distinguishes the management science approach from the scientific management approach is that Taylor focuses on the rules and methods that the worker must comply with while doing the job, while Fayol focuses on the efficient and rational coordinating of the tasks related to the job with the details of the complex division of labor.

At a time when the classical approaches focused on production as the period are the most accepted approaches in terms of organizations, the management process approach puts forward a notion that emphasizes the importance of management function besides production. Fayol states that with this perspective all organizations have 6 basic functions. These functions include technical functions such as manufacturing, manufacturing, trading, trade functions such as exchange, trading, financial functions for the creation and management of capital, security functions for the protection of goods and individuals, accounting functions such as balance sheet, inventory management, and organization, coordination, control, etc. management functions (Sengul, 2007).

According to Fayol, the main task of management is to make planning and make predictions about the organization. From this point of view, successful organizations are organizations that are able to implement plans such as continuity, flexibility, and easy control. Marshall (1999) summarizes the principles of management:

- Transfer the responsibilities of the authority and the organization of the organization from the senior manager to the lowest level employees without interruption
- Control unit which can be defined as the presence of a single supervisor in which all members of the organization can communicate.
- The presence of a control pyramid in which managers and employees of all levels can be audited
- A common sense of direction means that individuals working in joint jobs will follow a common plan in accordance with the general plan of the organization.
- Existence of specialization
- The superiority of organizational interests to individual interests

Another important aspect of the management process approach is the division of labor. This approach reveals that the division of labor is important within the organization, the level of ability and capability of each employee can change, thus, by establishing a division of labor within the organization, efficient use of time at the stage of work, utilization of individual workability of workers at maximum level and efficient use of resources will be possible (Leblebici, 2008).

Just as in Taylor's approach, Fayol's theory can also be said to have certain aspects of human psychology. However, these two approaches form the basis of classical management (Eren, 2001). Fayol's approach considers the organization as a closed system and its relationship with the environment is ignored. Fayol also touched on the relations between individuals in organizations, organizations or businesses worked on the psycho-social structures (Sengul, 2007).

1.2.4 Bureaucracy Approach

The bureaucracy approach focuses on the rational and rational distribution of competence within the organization, and it is a so-called approach with Weber, a German sociologist. Weber identified three main groups of authorities by examining the source and the forms of authority used to influence people in society in their work (Kochel, 2015):

- Charismatic Authority
- Traditional Authority
- Bureaucratic Authority

While traditional authority is based on social traditions, some individuals are referred to other individuals by various behaviors, whereas the charismatic authority is the directive effect that individuals with leadership characteristics have on the other individuals. Bureaucratic authority means that it has a rational and legal basis and can influence the behavior of others in a way that is implicit in certain rules (Kochel, 2015).

Bureaucracy provides a regular hierarchy that enables organizations to take advantage of the elements of specialization, reduces the complexity by clarifying elements such as the rules of the organization, the rules on determining the characteristics of the organization, keeping the organizational relations at the required level based on the qualifications appropriate for the job positions, it is the whole of the arrangements for the organizational structure that makes it possible to achieve stability (Sucu, 2000).

Although the bureaucracy approach is an ideal scientific approach for organizational structures due to the fact that it aims to create a robust organizational structure, it is an objective feature, and it is also characterized by human behaviors such as being too formalist, distributing its powers and responsibilities in a rigid structure. (Eren, 2001).

Weber's bureaucracy approach, Taylor's scientific management approach and Fayol's management process approaches are common points (Sucu, 2000):

- The basic assumptions of all three perspectives include the assumption that the conditions of the environment that have the potential to have an impact on the organization and their associated cause and effect relations are not fully known.
- According to all three approaches, human beings are considered to be cognitive and in accordance with the rules in accordance with the model of an economic human. Therefore, human behavior can be regulated and controlled. Therefore, the human element is considered to be a part of a machine and has no effect on the structure and operation of the organization.
- The main objectives of all three approaches can be an efficient and efficient organizational structure.
- In all three approaches, it is assumed that the decisions about the organization are given by the managers of the organization in the company of scientific methods and there is a search for a single path to the best organizational structure.
- In all three approaches, the organizations take place as mechanical systems that can be controlled, planned and supervised by legal authority.

Although classical management organization theory shows a characteristic that does not take into account the behavior patterns, feelings, beliefs and thoughts of individuals, it has had a significant impact in the field of business management. This understanding, which can be argued to respond to certain needs periodically, has been debated over time and these discussions have triggered the emergence of new theories. Behavioral management started to be considered within the scope of organizational theory.

1.2.5 Behavioral (Neo-Classical) Management Organization Theory

Classical period management organization theories have increased the productivity and efficiency levels of enterprises up to a certain extent, but it has become insufficient after a certain place in order to adapt to the rapid development of the business world. Especially in the 1930s, the great economic crisis had a great impact on the organizational structure of the enterprises. The unions that emerged in this process, changing social values, differentiation of moral structures, increasing levels of education of societies, and the fact that individuals started to come to the fore more and more have made the organizational structure the focus of increasingly human-oriented approaches (Sucu, 2000).

One of the cornerstones of organizational theory of behavioral management is research conducted by Elton Mayo at the Hawthorne plant. These researches have had a major impact on internal human relations. In the scope of the research, it was aimed to examine the relationship between productivity and efficiency in the organizations and the material elements such as ambient lighting, ambient temperature, noise, and wage. (Eren, 2001). As a result, research has increasingly started to focus on psychological and sociological factors that have an impact on organizational behavior. According to the results of the interviews conducted with the workers, it has been determined that the character gained in the social structure of the organization comes to the fore with the personal characteristics of the individuals. This situation revealed that employees should be considered as members of complex sociological groups rather than being considered as an isolated element from their environment (Mouzelis, 2001).

The determinants of this theory as an individual within the scope of organization management can be listed as follows (Koparal, 2004):

- The rationality-weighted human model in classical theory has lost its validity.
- Individuals operating in the Group environment eliminate their needs through intra-group relationships.
- Changes may not always be provided by employees with rational and logical responses.
- Determinations that can be made at the organizational level are as follows (Koparal, 2004).
- Social systems that have interdependencies among individuals within organizations.
- To produce products or services as two main functions of organizations and to provide satisfaction to employees of the organization.
- Organizations are socially structured emotional systems. This situation revealed the importance of various informal structures, communication, group behavior, job satisfaction, motivation, leadership and participation in decisions within the organization.

It can be said that the organizational theory of behavioral management reveals significant implications, especially in terms of human factors in which classical management organization theory is incomplete. The organizational theory of behavioral management, which has been able to demonstrate the connection of social and social events with certain behaviors at the individual level and group level, has reached the enlightening results in the areas not covered by the classical theory (Sucu, 2000).

1.2.6 Modern Organization Theory

In terms of general structure, the theories of management organization are progressing by filling in the gaps or missing points of the theories before them. The classical approach and neo-classical approach that preceded modern organization theory took the organizations as closed systems and adapted the rational methods to the organization management. Modern organization theory defines organizations as open systems, which are not isolated from their environment or independent from their environment. According to this approach, it is revealed that organizations depend on their ability to sustain their existence and their ability to adapt to the developments in their environment.

The approaches that consider the organizations as open systems are directed towards their social and political elements rather than the functional dimension of administration (Olmez, 2004). Especially II. As a result of the great development and change all around the world following World War II, the approaches within the scope of modern organization theory tried to put forward new management approaches. These approaches focus on systemic elements (Koparal, 2004).

1.2.7 System Approach

The general system theory, on which the system approach is based, argues that each system has an indirect interaction with its immediate environment and its immediate surroundings.

The basic approach of the general system theory is that the universe consists of sub-systems that interact with each other continuously (Koparal, 2004). In the case of adaptation of this theory to social systems, it is revealed that social systems are structures consisting of individuals and events rather than physical elements and that the main motivation that enables individuals to create systems together is social and psychological reasons (Sucu, 2000).

The system approach points to the necessity of evaluating basic human behavior over multiple reasons rather than focusing on the existence of only one cause and effect relationship. At this point, it is possible to talk about a non-stationary balance of movement for individuals and organizations. According to this approach, there may be more than one reason that leads individuals to various behaviors. For example, an individual may have various physiological and psychological needs. Although the levels of the requirements may vary, it is important to be able to serve a higher purpose at this point. In a sense, it is necessary to enable individuals to exist within a certain standard in social, psychological and economic terms in order to sustain their existence in a motivated way within the organization (Sucu, 2000).

The system approach has a function to bring together scientific information which is varied and which is in the scope of different fields of expertise. As a natural consequence of the increase of specialization, the relationship between different fields of expertise is losing power and the level of intelligibility of complex events can be reduced. In terms of organizational management, system approach approaches organizations as holistic structures formed by various parts, processes, and objectives (SHahin, 2004). This point of view provides a framework for internal and external factors for the coordinated and coherent development of intra-organizational activities (Kochel, 2015).

Thanks to the system approach, it may be possible for organizations or enterprises to abandon focusing on the highest level of their own objectives. From this perspective, subunits can maximize the organizational common goal by making sacrifices to maximize the objectives of the organization by maximizing the aims of the organization (Koparal, 2004).

The system approach has a structure that addresses the system concept through the objectives of that system, the subsystems covered by the system, the relationships between the subsystems and the contribution of subsystems to the purpose of the main system (Kochel, 2015). The following figure outlines how the system approach approaches an organization and its environment.

And the innovations are as follows:

- One of the most important innovations of the system approach is to consider organizations as open systems that are in contact with their environment.
- Organizations will go through various changes in order to adapt to the changes in the factors related to their environment. Organizations that fail to make such changes can be described as unsuccessful organizations.
- The system approach emphasizes the concept of sustainability for organizations.
- The success of an organization according to the system approach depends on the success of the weakest unit. In this sense, the system approach emphasizes the interdependence and interdependence between the lower parts of the system.
- The system approach takes into account why and what is happening in organizations as well.
- The system approach provides the opportunity to see all variables and parameters affecting the organization as a whole. Thus, the weaknesses and strengths of the organization are also made easier.

When it is examined in terms of management in general, the system approach deals with the events related to organizational management and the organizational sub-units in which these events occur. In this sense, it can be said that the system approach considers the concept of management as a holistic structure composed of various processes, parts, and purposes. The system approach considers organizations as open systems that are constantly in balance (Shimshek 2001).

1.2.8 Contingency Approach

A contingency approach is an approach that should be considered together with these approaches, not as a substitute for the management perspectives other than the classical management approach, the neo-classical management approach or the system approach. This is because the contingency approach is an approach that investigates the situations where other approaches can be useful and efficient and that treats the concept of organization as a system (Shimshek 2001).

The most important point of this approach is that each individual and the situation is different, has its own characteristics so that there is no best management method or the best organizational structure to be valid in all conditions. In this sense, it can be said that the basic idea of the contingency approach is that there is not only one model that determines the governance behaviors of the organizations (Eren, 2001). There is a model specific to that organization that can be put forward for every organization and this model may not be functional in other organizations. Therefore, each manager should consider his organization as a separate case and create a model specific to his organization by taking advantage of other universal models.

The contingency approach, organization structure, technology, and environment, the technology used by the enterprise on the structure and performance of the enterprise investigated the effects. In a number of studies on Contingency Approach, researchers suggest that there will be different applications corresponding to different ambient conditions rather than suggesting the best one way in terms of management science, organizational structure, organizational behavior, and leadership. For example, Burns and Stalker (1961) categorized organizational structures according to a number of characteristics, how they were influenced by environmental conditions; Lawrence and Lorsch (1973), the organizational structure of environmental conditions, focusing on the relations between units in organizations its effects on; Emery and Trist (1965), classifying environmental conditions, the relationship between the organization and its environment; Perrow (1961), classifying the technology used by the organization; similarly, Woodward (1965) classifies the technologies used in the budget, and the relationships between technology and structure; Thompson classifies organizations' sub-systems, environments and technologies; Aston group (1969), the relationship between the environment conditions (especially size) and the structure; Chandler (1973), examining the developmental processes of organizations, investigating the relationship between environment-strategy-structure; From their research in the work of Lawrence and Lorsch, Fouraker discussed the conflict between economic decision-making and organizational structure; Udy, the relationship between the structure of the organization and the difference between the activities carried out by the organization; Fiedler paved the way for Contingency Approach research by investigating the relationship between leadership type and conditions (Kochel, 2015; Sucu, 2000).

Koparal (2004) describes the critiques of contingency approach as follows:

- The causality relationship between organization and performance is a topic that can be discussed.

- Although it is emphasized that there is a causal relationship between the organizational structure defined as an independent variable in most contingency models and organizational performance as a dependent variable, factors such as the characteristics of the employees, the structure of the management and the changes occurring in the market are also influential on the success.

- Therefore, it may not be realistic to link performance improvement to one independent variable.

1.3 Modern Approaches in Management

In terms of management organization theory, with the increasing technology levels among the basic concepts leading to the development of different approaches in the post-modern period, the elements of information technology are becoming more effective on the organizations, and the dominant element in every area including the organizational structures for the enterprise globalization and global competition, individuals' personal rights and human values.

In the light of these developments, it can be said that post-modern management and organizational theories have started to focus on outsourcing, total quality management, full-time production and flexible organizational structures (Doghan, 2007). Total quality management is the most prominent or attracting attention among post-modern management approaches.

In this approach, which is based on the Japanese management philosophy, concepts such as customer focus, customer satisfaction, and customer satisfaction are noteworthy. Total quality management can be defined as a form of management which takes the first place of meeting the expectations of the customers in general and takes the quality to the center during the operation of all the activities of the organization (Aydin et al., 2010).

One of the important sub-components of a total quality management approach is the lean manufacturing approach that emphasizes concepts such as continuous improvement and competitive structuring (Sewer and Deep, 2006). The reflections of the lean manufacturing approach in terms of management are reflected in the lean organization concept. The concept of a lean organization can be defined as an approach that involves the reorganization of the workforce within the organization to create cross-functional teams with the organization of the necessary stages after the elimination of unnecessary stages in the organization in order to ensure a continuous and uninterrupted flow. (Womack and Jones, 1994). In this sense, lean organizations are able to simplify organizational structures and eliminate unnecessary business processes in such a way that they can meet customer needs at a higher level (Akchakaya and Yuel, 2007).

Another issue in which modern post-organizational theories are attracting attention is outsourcing. Especially with the growth rate of the companies since the 90s, the size of the companies has become increasingly difficult to manage and the rapid response to customer expectations has become difficult to respond. At this point, the companies have tried to improve their processes due to various reasons such as meeting the expectations of the market quickly, reducing the costs and making use of new technologies possible. A large number of enterprises in this quest preferred outsourcing in line with organizational strategies, preferring to reduce their basic capabilities by transferring various business processes to other enterprises (Miles and Snow, 1992). In this case, the hierarchical structures of traditional organizational structures have also changed (Henderson and McMan, 2001).

Flexibility is another important topic that focuses on post-modern approaches. Nowadays, businesses go a little more cost reduction way and therefore they make changes in both the organizational structure and the technology they use. Many Japanese and American companies are looking to take advantage of grading, downsizing, and outsourcing in order to keep up with changes and become more flexible. Technological development, development of communication facilities. It is noteworthy as the main factors affecting organizational change (Altay and Ilban, 2007).

The three approaches that stand out in post-modern management theories are the approach of resource dependency, the attorney approach, and the transaction cost approach.

1.3.1. Resource Dependence Approach

Pfeffer and Salancik (2003: 1) demonstrate that understanding the ecology of an organization is a prerequisite for an organization to understand its behavior under certain conditions. The resource dependence approach based its approach on an open system approach with a similar perspective. According to the open system approach, organizations have their own characteristics as well as having all the other open systems, taking energy from the environment, transforming this energy into a product or service, transferring the related product or service to the environment and generating energy with the help of the resources of the environment (Scott, 2003).

According to the resource dependency approach, organizations are clusters formed by components that are connected to each other. It can be said that each organization contributed to work and that each organization received something from the whole structure. This is, in turn, interdependent with a larger built environment. At this point, the main aim is to maintain the existence of the system. In a sense, it is a very natural and inevitable fact that organizations have a relationship with their environment. The key to surviving or surviving is to make it possible by getting the appropriate resources (Pfeffer and Salancik, 2003). This need for resources creates equal dependencies between the external elements of organizations and organizations (Scott, 2003).

Dependence affects the autonomy of making decisions of the organization, regardless of the demands of the organizations or groups it is related to, and reflects the power advantage to other organizations. When the power advantage is achieved, this power can be used to limit or affect the behavior of the dependent organization (Pfeffer and Salancik, 2003). The strong company can force the company to make concessions that can remove it from business life. Those who have resources critical to the existence of the firm are more likely to apply their powers (Sheppard, 1989: 52-53). However, organizations must respond to environmental demands in order to survive (Pfeffer and Salancik, 2003: 43).

Davis and Cobb (2009) outlined the three main views of the resource dependency approach:

- The concept of sociality is very important.
- Organizations have various strategies to increase their autonomy and to protect their interests.
- At this point, the concept of power comes to the fore in understanding the internal and external dynamics of the organizations.

According to Tolbert and Zucker (1996), the emphasis on the decisive role of the force in explaining the organizational structure is a clear challenge to other theoretical approaches that focus on production efficiency. Focusing on the concept of power by going beyond rationality and efficiency and developing organizational tactics to manage dependencies on the basis of power relations is the most important feature that differentiates resource dependence theory from other theories (Davis & Cobb, 2009).

Pfeffer and Salanchik suggest that organizations are the three main factors that have an impact on each other's dependencies (2003):

- How important the relevant resource is
- Organization's preferences for obtaining and using resources
- The intensity of source control

Sheppard states that there are some important sources that the organization wants to keep under control (1989). This importance concerns the relative financial magnitude and criticality of the resource. Criticality measures the ability of the organization to maintain its functions in the absence of resources (Caniels and Releved, 2009). According to the resource dependence theory, firms actively seek to manage and reduce their dependence on the resources with the highest criticality for themselves (Scheldt et al., 2010).

Sheppard (1989: 50) emphasizes the importance of organizations having more than one alternative to commercial activities and relationships. The fact that the organization is able to use a business against the other for the resources it is in need reduces the level of dependency of the organization and creates various advantages for the organization. The figure below shows a resource relationship for a similar situation.

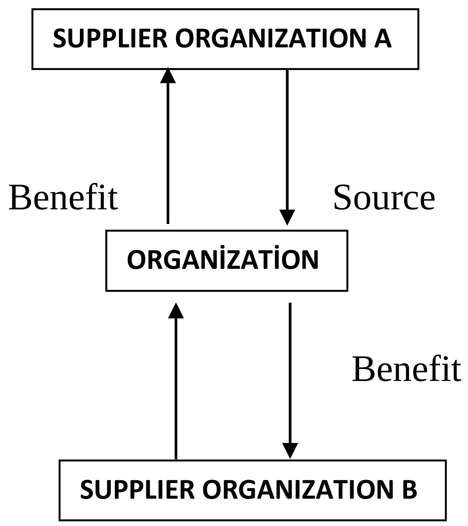


Figure 4: Interdepartmental Dependence Relationship

Source: Sheppard, 1989, p: 51

There are also various criticisms of the resource dependence approach. Casciaro and Piskorski (2005), for example, have criticized the theory in this respect by stating that there are many open points in the resource dependency model. Accordingly, the model presented by this approach should be re-designed and revised in order to explain inter-agency actions. Brass (2002) criticizes the use of power and dependence as a dyadic relationship in theory. There is little information about this transition. Brass argues that the relationship between power and dependence has more complex foundations (Brass, 2002).

According to Tolbert and Zucker (1996), the emphasis on the decisive role of the force in explaining the organizational structure is a clear challenge to other theoretical approaches that focus on production efficiency. However, he emphasizes that resource dependence theory forms a rational actor model that maximizes power and autonomy rather than efficiency. The authors' theory criticizes the neglect of social processes, such as emulation and normative conformity, on decision processes.

1.3.2 Transaction Cost Approach

The transaction cost approach focuses on the non-conformities between the parties, misunderstandings, conflicts, and losses due to such problems. In this sense, the planning, monitoring, and adaptation of the transaction cost analysis are examined in a comparative manner in terms of the different management structures of the activities. (Williamson, 1989).

The basis of the transaction cost approach was taken by Coase in the 1930s. Coase has laid the foundations for this approach through two basic questions and his explanations for this question (Hsiao et al., 2010):

If production is a case organized by price movements, the execution of production can be carried out without any organization. What is the reason for the existence of organizations in this case?

The main reason for the existence of organizations is that there is a cost of the mechanisms operating in the market. In this sense, market transactions can be said to be a cost. Other costs related to this cost include research on prices, search for conciliation on various contracts, re-negotiation at the end of the contract, disputed disputes, monitoring activities and control activities (Barney and Hesterley, 1996).

As the level of complexity of commercial activities in the market and the level of uncertainty about the future increase, the functioning of the price mechanisms in the market may fail (Scott, 2003: 156).

The key point of the transaction costs approach can be explained briefly as follows; it is possible to establish an organization to save on market costs. At this point, organizations have to be able to manage their transactions at a lower cost than the market (Barney and Hesterley, 1996).

When an enterprise or organization grows, the cost of organizing increases due to the transactions. For this reason, the importance of the organization cost required for a new transaction within the organization also arises from the cost of similar transactions in the market or the costs that the competitors have to endure for similar transactions. Or, several factors of production may have high procurement costs. At this point, the relative advantages of small-scale organizations can be compared to those of large-scale ones (Hsiao et al., 2010).

Commercial transactions that can be covered within the scope of the transaction costs approach are as follows (Williamson, 1979):

- Procedures for the purchase of standard equipment
- Procedures for the purchase of standard materials
- Procurement procedures for customer-specific equipment
- Transactions for the purchase of customer-specific materials
- New plant installation procedures
- Transactions related to the transfer of semi-finished products

Several criticisms have been made regarding the transaction costs approach. Park et al. (2000: 89) gathered these criticisms into four main groups:

- In this approach, the costs of administration for the organization have not been taken into account enough.
- Total costs have not been underestimated.
- In this approach, the role and importance of social relations for organizations are neglected.

- All dimensions related to the transaction cost and the interactions between these dimensions are not thoroughly investigated.

Barney and Hesterly (1996) emphasize that the overall tendency of the transaction costs approach tends to see low internal organization costs. Although the transaction costs approach differs from the classical approaches with the new assumptions it adds to economics, it can be said that it neglects the role of social relations.

Anderson and Weitz (1986) emphasize that the organizational structure brings with it management costs. In the process of production of inputs in the organizational structure, maintenance revisions and product change process adversely affect productivity. Although small operations in terms of marketing activities do not pose a problem, management costs may cause further damage to the firm in the case of increased transactions when compared to supplier opportunism.

1.4 Postmodern Approaches in Management

It can be said that postmodern approaches have been consolidating their place in the field of organizational theory since the 1980s. However, the implications of these approaches in the field of organizational theory and the debates they bring about are the subjects that have not been sufficiently discussed to date. According to postmodern thought, to define, define and frame a general theory is a property of modernity. In this sense, with organizations

Introducing a relevant postmodern theory creates a contradictory situation within itself. The term postmodernism, using modernist epistemology, examines the economic and social changes occurring in today's Western societies, which are characterized by post-industrial or information society, and explores new organizational forms (Yildirim, 2007).

Peter Drucker first mentioned the concept of postmodern organization Peter as "new organization" in his book titled "Borders of Tomorrow" published in 1957 (Drucker, 1996). It is mentioned here that the new organization is a structure with different centers of coordination, consisting of teams that come together from various networks, and who manage and control themselves. The most important element defining the postmodern organization is that the bureaucratic division of labor is no longer dominant or less dominant. Post-bureaucratic organizations that show different characteristics from classical organizations in many ways are seen as postmodern organizations.

In postmodern organizations, managers are no longer interested in the management of a bureaucratic apparatus, but in the creation and management of culture. In new organizational forms, contrary to the centralist structure of Fordist, bureaucratic hierarchy and rules, there are self-regulating flexible structures based on decentralization. The image of this postmodern organization can be seen as a reflection of the fundamental features of postmodernism, a reflection of uncertainty, multiculturalism, and chaos. Flexibility, emphasis on employee engagement, reduction of hierarchies and total quality are considered as postmodern management styles that do not match easily with Weber's bureaucracy principles (Yildirim, 2007).

According to postmodernists, while modern organizations are dominated by pressure and control, postmodern organizations are open to encouraging autonomy and participation. One of the main reasons for the inclusion of postmodernism in the organizational analysis is the fact that issues such as culture, which were seen in an end position within the organization researches, are highlighted today. Organizations are composed of social actors, meanings and physical objects, which are brought together to achieve a set of purposes. In other words, organizations should not be seen as an instrumental concept that presents a variety of goods and services, but as the forces that define human beings, the world we live in and the ones that shape ourselves (Cooper, 2001).

In this sense, the postmodern organization emphasizes theory, action, movement, and process; it does not see uncertainty, contradiction, and not yet known as the problem (Chia, 1995). Postmodern Organization Theory is the critique of science and technique, not of science and technocracy. Postmodern Organization Theory is fed by chaos, complexity, and relativity, and has an interdisciplinary position where social theory and science combine (Boje, 1999). Employee subjectivity, identity, unbalanced power relations,

Emotions, sexuality, spirituality, aesthetics are also evaluated within the organization analysis (Kilduff and Mehra, 1997).

As a result, when postmodern approaches to organizations are examined in their own contrasts, it shows that the idea of postmodern management is still at the stage of creation (Erdemir, 2006).

1.5 Comparison of Traditional Business Management Approaches and Modern Business Management Approaches Based on Organizational Structure and Functions

Before comparing organizational structures in terms of approaches in different periods, it is necessary to examine the conditions under which the organizational structure is formed, the factors affecting the organizational structure and the different methods preferred in the formation of the organizational structure.

Kochel (2015) lists the main factors that are effective in the organization of organizations:

- Objective: Organizational structures differ according to the nature of the activities of an organization to achieve its objectives and related objectives. For example, in cases where the same works are repeated continuously and the work can be routinely described, it is preferable to choose an organizational structure suitable for change in cases where the bureaucracy is preferred.

- Level of Specialization and the Division of Work: The term specialization means the appointment of one person to each task with relatively small pieces of work to be performed. Specialization, which is an important factor for increasing organizational efficiency and productivity, is also an important part of business design. At the basis of the decisions to be made regarding specialization in terms of organizational structure, high-level specialization in organizational positions will be preferred or there is a response to the question of whether a general structure will be established by combining various tasks.
- Level of Formalization: The level of formalization, which indicates how much attention has been paid to the monitoring of certain principles and methods that have already been defined during the conduct of work in an organization, is another important factor on the organizational structure. The details of how, when, where, by whom, the work will be done in detail, and if strictly adhered to these definitions are possible to speak of a very high level of formalism.

It is. In today's organizational structures where the impact of globalization is felt at a high level, it may be more appropriate to prefer knowledge and personalized organic organization structures by keeping the formalization level low, in order to adapt to change in particular.

Control Area: The control area is mainly a factor for determining the number of subordinates that will be connected to the individuals who can be considered as the top in the organizational structure.

- A number of Organizational Ranges: This factor, which has a strong connection with the control area, has an effect on the formal or horizontal structure of organizations.
- Organizational Centralization Degree: The main focus of organizational centralization is how to distribute the competence to make decisions within the organization among the organizational levels. When the authority or decision-making authority within the organization is distributed to the lower levels of the organization, it is possible to talk about a more human-centered or non-centralized organizational structure. In non-decentralized organizational structures, the decision-making authority is gathered at the upper levels of the organization. By determining the degree of centralization, the share of the authority in the organization from the authority is determined.
- Complexity: This property, which can also be called perplexity, means the degree of propagation in the vertical, horizontal and geographical sense of the organization. As the level of complexity of the environment in which the organizations' activities expand and the environment in which the organization exists, increases, the level of the irrationality of the organization will begin to rise. In such a case, problems in coordination, control, communication, and communication can be expected.
- Segmentation of the Organization: Departments are formed from the bringing together of the work groups of the work groups and the combined positions of the workgroups and certain positions from those who are brought together according to factors such as division of labor and degree of expertise. Details on the division of the organizational structure will be discussed later.
- Forming and Forming Communication Channels: The form of internal communication is one of the important factors that express the

characteristics of organizations. Some organizational structures are only vertically processing when communication-related processes

In vertical structures, it is possible to talk about vertical, horizontal or cross communication channels.

Strategies or preferred methods for the division of organizations have a significant impact on the organizational structure. Different organizational divisions serve different purposes and differ according to the nature of the work to be done. Partitioning is, in a sense, critical for the fulfillment of the objectives of organizations. Accurate segmentation activities increase the efficiency and efficiency of the organization (Albayrak, 1998). Bartol and Martin (1998) describe segmentation activities as uniting units into units or units of larger scale in units that serve for organizational purposes, in units.

One of the main objectives of the segmentation is to identify various sub-objectives and functions in order to ensure that the organization can achieve its goals. Thus, the action areas and authority levels of each subunit or division are also established. Individuals who are the managers of the departments also have the authority to make decisions within predetermined limits. The points to be considered in the partitioning of organizations are as follows (Akat et al., 2002):

• Identify similar works

• Consideration of specialization

• Control

• Making coordination easy

• Reduced costs

Among the alternatives that can be preferred in the division of organizations, functional-oriented segmentation, segmentation by product or service, segmentation by geographic region, segmentation by customer, process-oriented segmentation, time-oriented segmentation, number-oriented segmentation, project-oriented segmentation, and mixed organization structure can be considered.

Function-Oriented Segmentation: The most frequently preferred partitioning option. In this method, a grouping occurs as a result of combining functions with similar characteristics. The main advantage of this method, which can be especially useful for small-scale enterprises, is that it gives the organization the opportunity to be active in the use of resources and resources (Balchık, 2002).

Onal (2000) lists the advantages of function-oriented partitioning as follows:

• Based on a rational evaluation

• Preventing professional specialization

• Strengthening the importance of basic activities within the organization.

The disadvantages of this segmentation method are as follows (Onal, 2000).

• Excessive focus on specialization may cause coordination between departments.

• In some cases, in function-oriented segmentation, people in managerial positions should also deal with jobs that they are not interested in.

Partition by Product or Service:

This segmentation method is generally applicable to the organizational structure of the enterprises which have more than one product in the product range. In this way, unlike the function-oriented organizational structure, work and duties within the organization are classified according to the product they are related to. In this configuration, department managers are only responsible for the entire product group. The fact that all the processes from production to marketing are carried out under the authority of one person makes the coordination of the organization easier, but this method can be considered as a high-cost method (Peker, 1995).

In addition, when the activities of the product or service produced by the enterprise are gathered together and a collective improvement process is required, this method of partitioning can be useful in terms of effectively designing the organizational structure of the enterprise (Yildirim, 2000).

Dincher (1998) lists the positive aspects of this segmentation method as follows:

- It is possible to evaluate the sections within the organizational structure independently from each other.
- Facilitates quick response to change by creating ease of coordination.
- It makes it possible to make additions to this structure as it provides a flexible structure of the organization.
- Makes it easier to concentrate on customer needs.
- The manager provides an advantage in terms of development.

The disadvantages of this partitioning alternative are as follows (Dincher, 1998):

- There may be coordination problems due to the specialization of the products or services produced by the company.
- Communication level may increase in functional areas.
- There may be various uncertainties or situations of self-repetition in the areas of functional responsibility due to excess product or service orientation.

The following figure shows an example of a typical product or service segmentation.

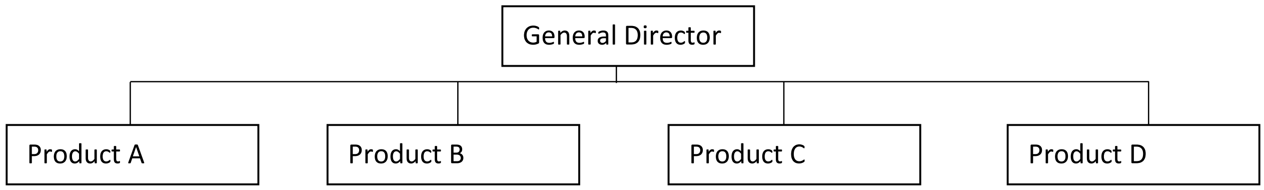


Figure 5: Organizational Segmentation by Product or Service

Source: Black and Porter, 2000, p: 273

Segmentation by Geographical Regions: The activities of specific regions that are scattered across different areas in the segmentation according to geographic regions, which can be applied in terms of geographical locations, are given under the authority of the administrator. This method, which is frequently used for large-scale enterprises, is also important in terms of meeting the consumer needs of different geographic regions easily (Peker, 1995).

If the customer network of the company is located in different geographical regions, it is necessary to establish an organizational structure according to geographical regions in order to increase the efficiency of the enterprise on each region and to increase the level of dominance (Robbins et al., 2000).

The main advantages of this segmentation method for organizations are as follows (Mucuk, 2003):

- Ability to respond easily and effectively to consumer needs varying by region
- Enabling a choice of establishments to create lower costs in terms of cost groups such as transport, raw materials, and labor
- Accelerating business communication in a way that makes decision processes faster

The details of the negative aspects of this method are as follows (Mucuk, 2003):

- Lack of potential savings due to relatively large-scale activity groups
- Reduced rate of utilization of specialized workforce due to regional focusing
- Lack of coordination between the central structure of the enterprise and the regional business segments

The following figure shows details of the segmentation method by region.

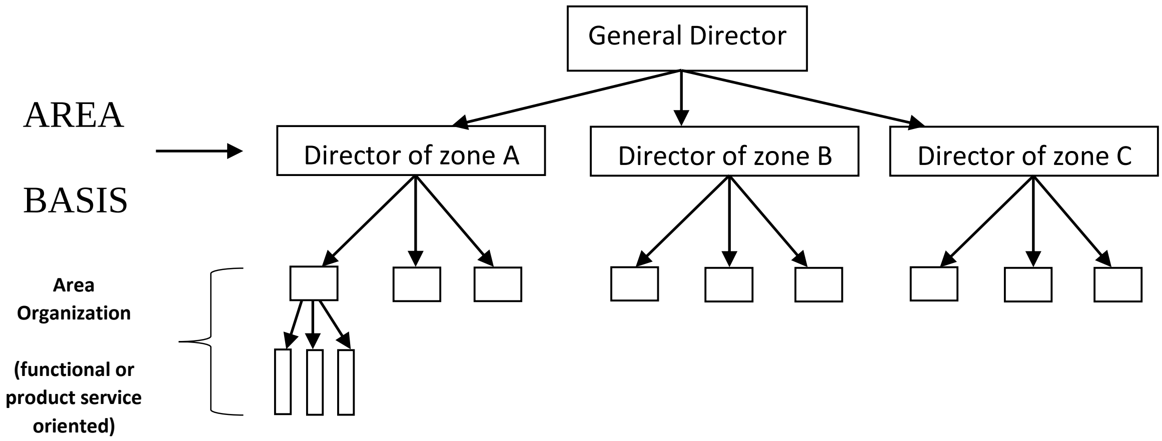


Figure 6: Segmentation by Region / **Source:** Kochel, 2015, s: 256

Customer Oriented Segmentation: It is a method that is frequently preferred by business groups in which customer-based elements are at the core of business processes. Wholesalers or retailers, who are primary retailers, can choose this alternative. This segmentation method has a high level of quality focus since the customer is involved (Eren, 2003).

It is possible to say that the enterprises that prefer this method mostly carry out their segmentation activities focused on their big customers so that they have the chance to classify the customer groups that are important for them (Certo and Certo, 2006).

Similarly, it is possible to find this structure in the enterprises serving according to the special customer types. It is possible to find various alternative alternatives such as industrial buyers, men's clothing and women's clothing, especially in wholesalers or retailers. The following figure shows a typical customer-oriented segmentation.

Dincher (1998) lists the useful aspects of this method for businesses as follows:

• It is an effective way to respond effectively to customer needs.

• Facilitates the harmonious progress of activities related to customer service.

• Useful for meeting the requirements of key market segments.

• Provides expertise.

The disadvantages of this method are as follows (Dincher, 1998):

• It can create coordination difficulties between customers.

• The business can take on a more resource-oriented structure.

• It may be possible for customers to exert pressure on employees due to various extra demands.

• As a solution for a single customer, it can show limited features in terms of customer solutions.

Process Oriented Segmentation: In this method, the operations of the enterprise or organization are grouped based on the processes followed during these activities or the tools used in these processes. Particularly, it is a preferred method of segmentation because it is expensive for the tools or equipment used in the processes in production enterprises. It is an appropriate approach for the purpose of having an economic process. In terms of production enterprises, such as turning, drilling, as well as departments can be mentioned in the service businesses, product delivery, return, marking, such as examples of partitioning can be mentioned (Can, 1999).

The most important advantage of this method is that there is a method that can enable the division of labor and specialization. However, if the important points to follow the processes in this segmentation are overlooked, it is inevitable that any part of the problem will affect the other parts of the problem (Yildirim, 2000: 265).

The following figure shows a typical process-oriented organization partitioning example

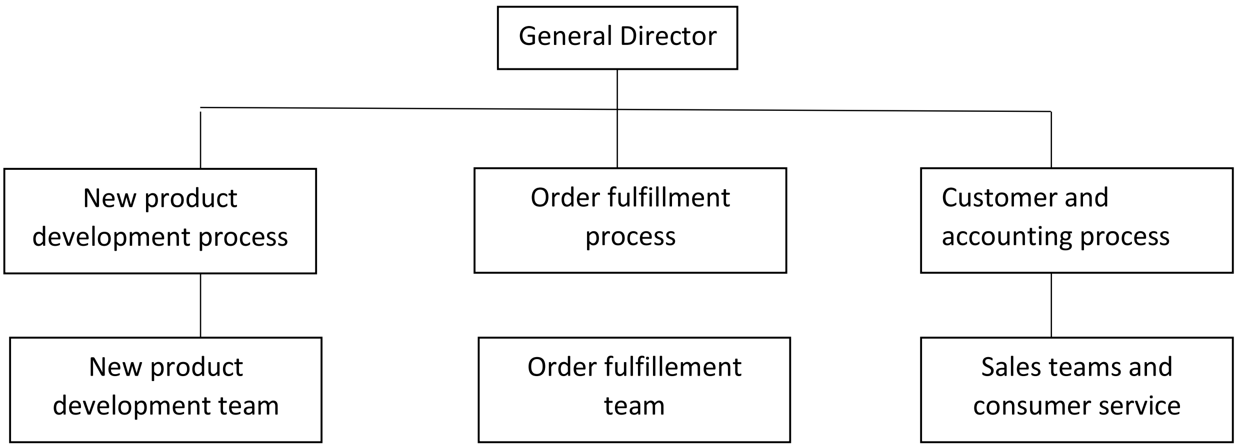


Figure 7: Process Oriented Segmentation

Source: Kreitner et al. 2001, p: 301

Time-Oriented Segmentation: In order to meet the high demand levels in some companies or because the technological facilities give hand, business continuity can be up to 24 hours. This process, which can also be called the shift system, is a preferred method of division preferred by the enterprises where there is an environment in which the continuity of work should be ensured (Akat et al., 2002: 240).

If activities with similar characteristics are repeated in different time periods, it may be useful to separate these activities on a time basis. In such cases, enterprises will ensure the continuity of the works with the first shift and the second shift, such as division (Shimshek 2001: 156).

The following figure shows a typical time-oriented partitioning structure.

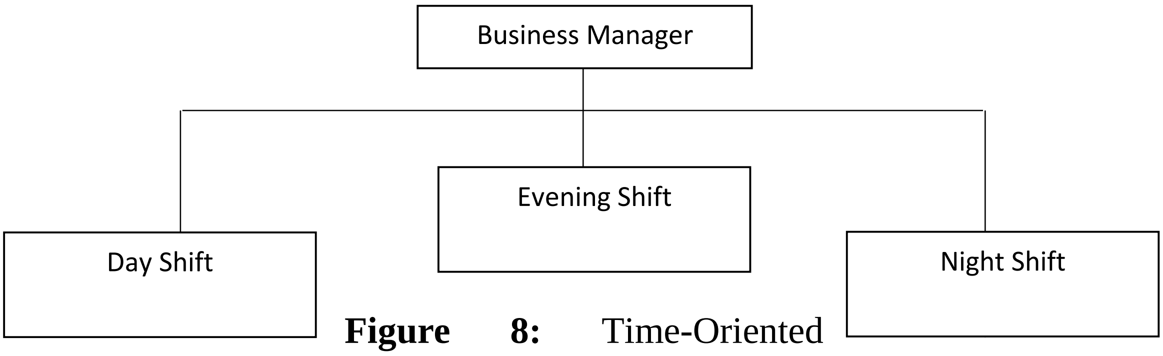


Figure 8: Time-Oriented Segmentation

Source: Eren, 2003, p: 240

Number-Focused Segmentation: It can be said that this method, which is preferred in cases where the conclusion of the work is directly related to the number of labor-related labor, is mostly used by various public institutions or enterprises operating on the door-by-door basis (Dalay, 2001: 325). In the following figure, the organizational structuring of an army takes place as an example of number-oriented partitioning.

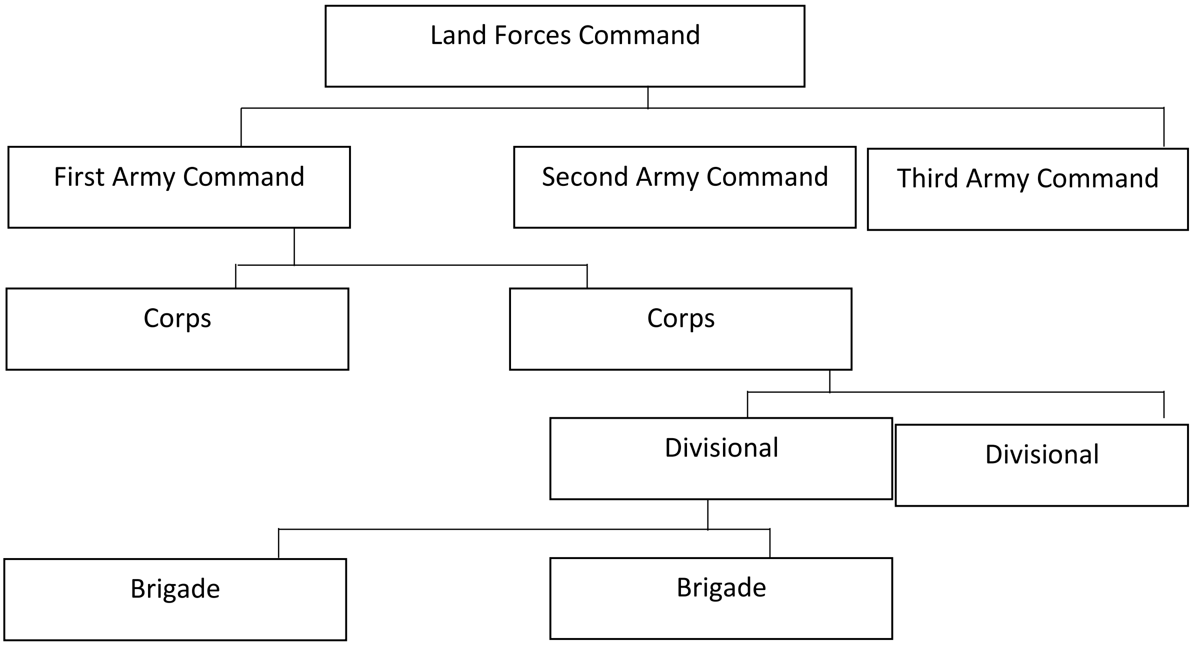
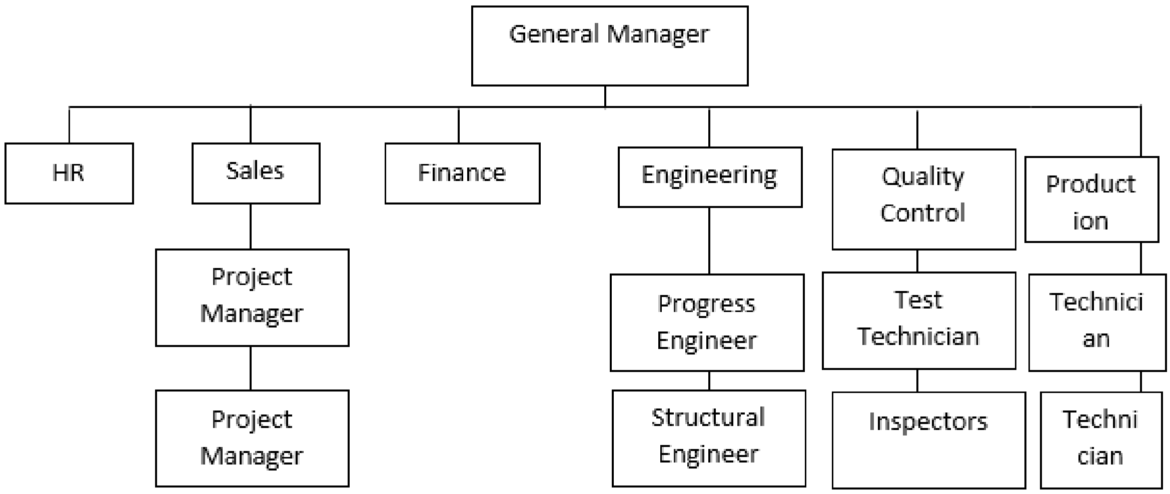


Figure 9: Number-Oriented Segmentation

Source: Eren, 2003, s: 234

Project Oriented Segmentation: It is a situation that can be preferred by enterprises to be the sole manager of the relevant project in the enterprises where processes such as new product development or production of a new product are



in question. At the end of the project, the project employees return to the departments they are connected to. At this point, it is important that the person to be chosen as the project manager is one of the persons with specialization level in the relevant subject and who can direct the employees with different expertise to work in a coordinated manner (Akat et al., 2002: 242).

Figure 10: Project Oriented Segmentation

Source: Mondy and Premeaux, 1995, p: 256

Mixed organizational structure-oriented segmentation: People in managerial positions in businesses may also prefer a mixed approach that incorporates the features of several of the alternatives mentioned above.

In such cases of partitioning, a different model is applied for each vertical step added to the structure. Especially in modern organizational structures, it is possible to benefit from specialization based advantages while increasing the scope of activities aimed at achieving the purpose of the organization in the preferred mixed segmentation model. This situation enables the work to be carried out in a more economical and qualified way (Topaloghlu & Koch, 2002: 60).

The most important point for organizations that prefer this method is to ensure the continuity of internal coordination.

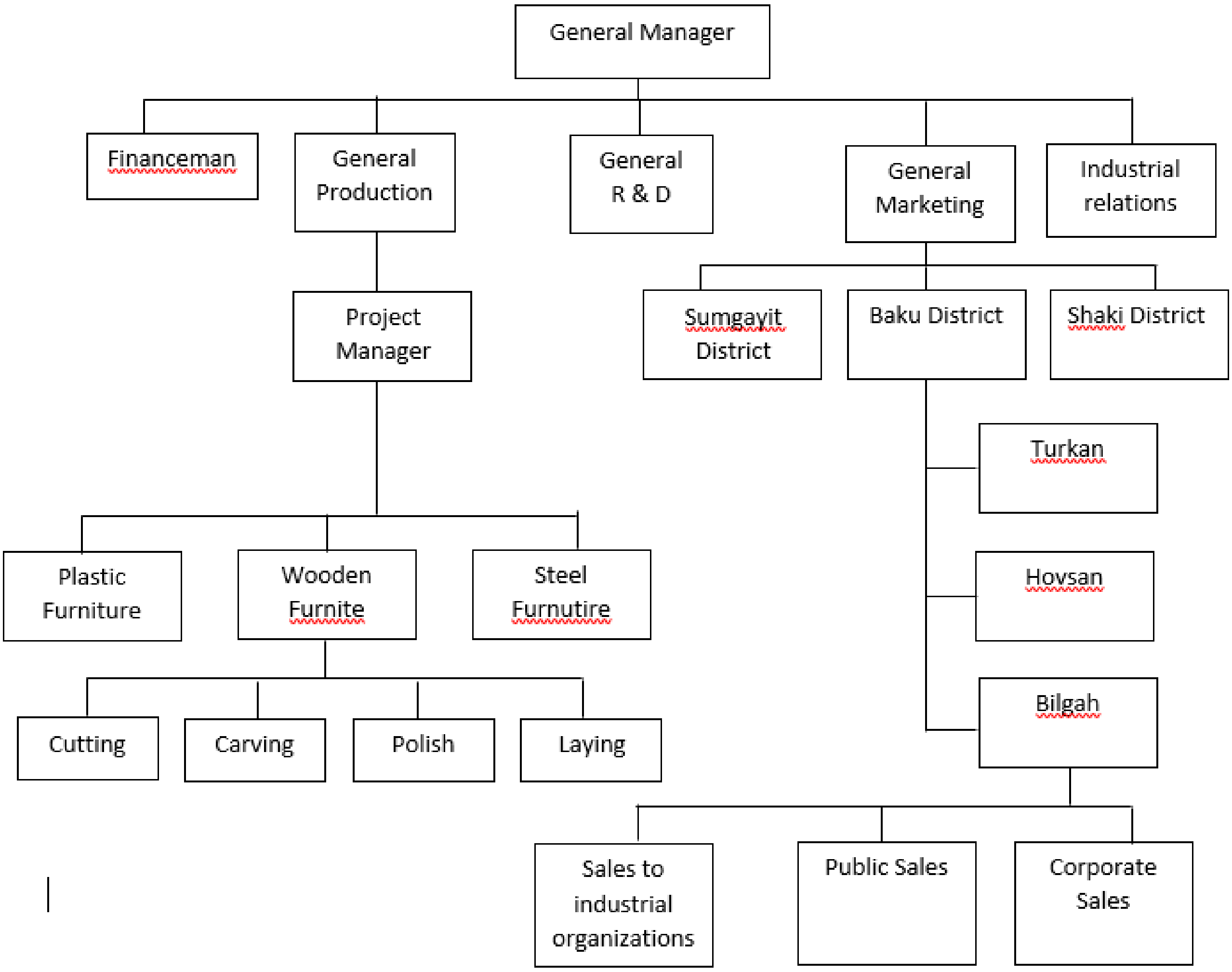


Figure 11: Mixed Organization Structure Oriented Segmentation

Source: Can, 1999, p: 120

The scientific management approach, which has become valid since the beginning of the 20th century, has focused on the organization of the organization and its environment with scientific tools and methods by being influenced by rationalism in terms of the management of the organizations. This approach is based on a search for finding the best organization and the best organizational management method.

With the effect of this approach, the organization has become dominated by the knowledge approach and the search for the best organization. However, the organization approach, which is known with the effect of the big changes experienced in the business world, has taken the organizational structures that learn the place of this approach while staying behind. At this point, it can be said that the organizations no longer see the information as a static element, but they have begun to reach the structures producing and processing the information (Kochel, 2015: 439).

The predictions of the organizational structures based on classical and neo-classical management organization approaches and the predictions of the modern management approach vary considerably. Shahin (2004: 544) lists these fundamental differences as follows:

- The classical management approach considers organizations to be closed and high-level mechanical systems. The human factor within the organization is based on a human model that can be described as economic. In this approach, while the human element is kept in the second place, the assumption that the employees are motivated to escape from work is based on the assumption that individuals can be motivated to work with scare and material rewards.
- In the classical approach, the view that individuals have different individual needs in addition to financial expectations is dominant. Sociological and psychological issues related to the satisfaction of individual needs are highlighted.

- Modern management approach introduced a complex human model by adding a new dimension to the definition of the previous individual. According to this approach, the man is a complex and variable entity. Therefore, human needs also have similar levels of complexity and complexity. In addition, the conditions of the organizations, the conditions of the environment in which the organizations take place, the technological elements, the socio-cultural characteristics of the individual, the level of experience that the individual has in the organization.

It is also part of the complex and interchangeable structure. Therefore, it is emphasized that a multidimensional approach should be exhibited in order to motivate people within the organization.

It can be said that the most significant differences between the management organization approaches of the classical period and the modern approaches are formed in terms of the System Approach. The Comparison of System Approach, Classical Approach, and Behavioral Approach in terms of Organizational Structure, Major Processes, and Related Value Judgments are listed in the Table below.

Table 2: System Approach, Comparison of Classical Approach and Behavioral Approach

Organization Theory	***Organizational Structure***	***Major Processes***	***Related Value Judgments***
Classical Period	• Detailed Job • Descriptions • Departmant Up • Hierarchy	• Objectives • Planning • Organization • Amir-Command • To decide	• Rationality • Success • Hard work

Behavioral	• Informal organization	• Participation in Decisions • Informal	• Emotions • Understanding
System Approach	• Organization as a functioning unit • Open System • Information	• Information News • Information Processing • To decide	• Openness • Holism

Source: Kochel, 2015, s: 322

Clarke and Clegg (2000: 53) approached the differences between the old paradigms of the organization and the new paradigms in the organization, the approaches of the administrators, the characteristics of the social groups within the organization, and the differences between the organizational structure and the economic and social conditions. The following table provides details of this approach.

Table 3: Old and New Paradigms in the Management Organization

	Old Paradigms	***New Paradigms***
Approaches of managers	• Effective management approach • Interventional perspective • Total Quality Management	Personal development focus

Social groups	• Efficient teamwork • Sharing of values • Quality circles	Social synergy understanding
Holistic organization	• Hierarchical organizations • Networked organizations • Lean organizations	Learning organization
Economy and society	• Company responsibility • Free initiatives • Human capital	Sustainable development

Source: Clarke and Clegg, 2000, p: 53

One of the fundamental changes that occur periodically in terms of the structure of the organizations is the fact that instead of the mechanically featured organizational structures that have been formed under the influence of scientific management approach, organic organizations have become more flexible. The following table shows the differences between the structures of mechanical and organic organizations.

	Mechanical Organization	***Organic Organization***
Appropriate	Stable	Turbulent
The distribution of tasks	The problems and works are divided into small parts and the division of labor and specialization has been created.	All employees have to contribute to the common goal with their knowledge and experience.
The Nature of Individual Task	The abstract nature of the work carried out by various techniques and objectives differs more or less from the holistic purpose.	The realistic nature of individual work is derived from the general purpose of the work.
Description of Work	The harmony between the different performances within the hierarchy and the compliance of these performances with the work are controlled by the nearest manager.	Individual tasks are constantly being re-adapted and defined because they are in constant interaction with others.

Scope of Work	The scope, rights, responsibilities and technical methods of each functional task are clearly and	Liability defines restricted rights and business methods.
How to Provide Task Performance	Individual rights, assignments and work methods are transformed into the responsibilities of each functional position.	There is a commitment to a general purpose and beyond any technical definition.
Control, Authority and Communication	Control, authority and communication are determined by the hierarchical structure.	Control is in the form of authority and communication network. The sanctions of individual behaviors stem from the common interest and the good of the organization rather than the formal contract.

Place of Information	The information is collected at the top of the hierarchy to support the hierarchical structure. Reassessment of tasks and the evaluation of the usefulness of tasks are at the top of the hierarchy.	Information is not collected at the top. The information can be in every part of the organizational network organization and can be the center of control authority and communication where it is.
Communication Between Organization Members	Relationships tend to be vertical.	Relationships are horizontal axis. People from different levels and from different units can communicate with each other. Communication represents not the command, but the consultation
Management for Operations and Business Conduct	Business behaviors and operations are managed by the decisions and guidance of superiors.	Information and advice are provided instead of guidance and decision.
Values	Faithfulness to the purpose is emphasized and obedience to superiors as a condition of organization membership is required.	Commitment to work and material progress, to the technical values that provide growth are more valuable than adherence and fidelity.

Value of Expertise	Internal knowledge is more important than skills and abilities.	The importance given to the membership and experience in the industrial, technical and commercial framework of the firm is greater.

Table 4: Differences between Mechanical and Organic Organization

Source: Sozen and Nejat, 2012, pp: 94-95

CHAPTER II

PRACTICE IN MODERN BUSINESS ADMINISTRATION AND EVALUATION OF APPLICATION OPPORTUNITIES IN AZERBAIJAN

Especially, from the end of the 20th century, it has come to the agenda to create new formations, to develop innovative approaches and to evolve success of societies and organizations.

As a result of the increasing global competition, new markets have been in search of new customer groups in order to exist in this competitive environment. This exploration has brought together various collaborations, partnerships or joint action plans. The concession practices, which are frequently encountered in many different sectors, especially in the food sector, are also among the modern business practices that have become widespread as a result of these searches.

2.1. Franchise (Concession) System and Basic Concepts Forming This System

The word franchise (concession) is a word that is derived from French and used in French in terms of customs and tax exemption. Nowadays, especially in the field of business use has been changed in terms of use and privileges have been used in the sense of recognition (Yuksel and Mermod, 2004: 311). The equivalent of this word in Turkish is called ”name right“ (TDK, 2002: 45).

The franchise concept given as a concession to a second party in order to carry out various commercial affairs by providing an information and support for a business or a service in a variety of conditions, limitations and for a certain period of time. a long-term business relationship is the whole (Guler, 2007: 7).

It is possible to mention the various definitions made in the literature on the concession system. For example, Combs et al. (2004: 906) make the concession concept arı an entity sells its rights under its own name to another second firm within the scope of the goods and services markets Example.

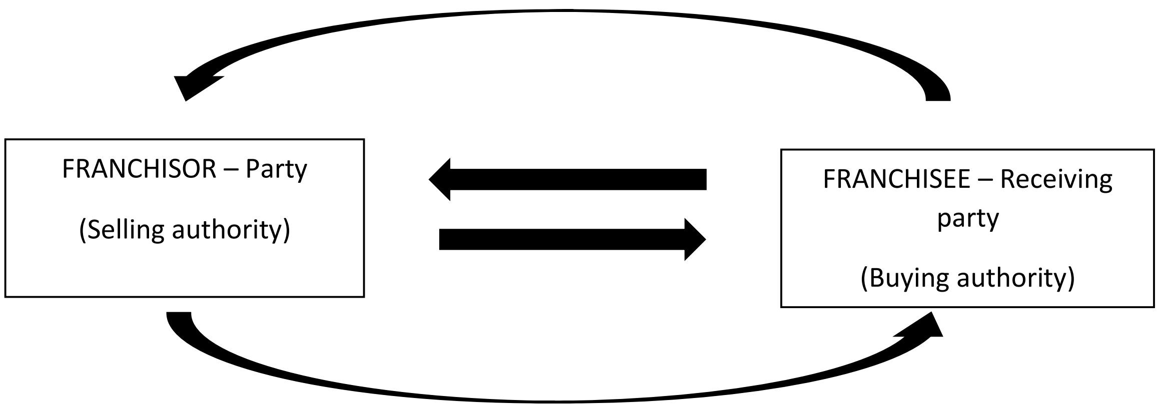
In the relevant charter of the European Union, this concept face intellectual and industrial property of trademarks, titles, agriculture, copyrights, business practices and various patents to be used in the sale of goods and products to end users.

Rights are defined as a holistic structure yapı (Kartal et al., 2006: 35).

According to Mullins et al. (2005: 313), the concession entitles a company to another entity by its rights, such as brand, name or technology.

The relationship between the parties in the concession system is as follows.

- Initial fee
- Continuous copyright payments (Royalty free)
- Ad participation rate
- Education fee



- Product or service, logo and brand name, production processes
- Marketing plan
- Marketing strategies

Figure 12: Relation between the Parties in the Concession System

Source: Combs et al., 2004, p: 905

From a broader perspective, it is possible to say that it is possible to convey information and technological developments or accumulations to other countries and regions.

Combs et al. (2004: 907) describe common aspects of the definitions of concession in the literature as follows:

- The agreements which can be called as concession are the existence of a relationship between the two enterprises and these companies.
- There is a contract between the franchisee and the field operator. The content of this contract, which is legally binding, includes the determination of various responsibilities and obligations concerning both sides.
- At this point, it can be said that the privileged party is stronger than the receiving party and has the right to impose various sanctions.
- The granting party shall continue its activities under the conditions determined by the issuing party and on the concessionary side.

Product or service, logo and brand name, production processes

R & D plan, help, support

Marketing strategies, training

Beginning and tuition fee

Continuous copyright payments

Ad share

Figure 16: Structure of the Concession System

Source: Tracy and Jarvis, 2007, pp: 668

The concession agreement, concessionaire and concession agreement are among the basic elements that constitute concession agreements.

2.1.1. Franchisee

When it is evaluated within the scope of the concession system, it is possible to make a definition as a concessionaire for the franchisee. In order to make this definition more comprehensive, within the scope of the rules laid down by the concessionaire, the enterprises which perform various commercial activities in the name of the concessor in a geographical region are called privileged area (Guler, 2002: 7).

Gurzumar (1995: 11) describes the concept of concession in the form of independent investors, who take the rights to a particular brand with an agreement for a predetermined region or point of service. In this respect, they are entrepreneurs who have acquired the right and the right to use the trademark, the way of doing business or the operating system and other similar rights for a certain period of time and for a certain price.

Ulash (2006: 135) describes the concept of concession area as the party that wants to be included in the system developed by the concessor, who wants to implement the name, products or services of a company that currently operates, by paying a certain privilege fee to it within the framework of the standards set by the concessor in its own enterprise. .

The granting of the concession rights gives the beneficiary the right to use the name, product or service, and a business system of a larger enterprise than the owner of the concession. The concession recipients pay the fee for the concessionary party (Arslanoghlu,2007: 70):

• The right to use names

• Technology supply

• Business know-how

• Provision of business-related hardware or software

• Training of staff

• Joint advertising and promotional activities

2.1.2. Franchisor / Franchiser

The concession system is defined as a registered brand, a known name, a work order operating in a certain standard, and the party giving the name, brand or way of doing business to the other party through the contract is defined as a concessionaire. The concessionaire, which can also be defined as the party having ownership title in the concession system, provides continuous support for how the product or service will be produced and provided to the party in the position of the concessionaire as the owner of the service or operation system. (Tracey and Jarvis, 2007: 667).

In other words, it is the organization or persons holding the legal rights of the concessionary system or brand and submitting these elements to the use of various investors within the scope of the related concession agreement. The concessionaire may be the founder of the related system or the party holding the right to sell the concession rights (Dant, 2008: 92).

The concessionaire is a party that has achieved success in the field of work and is the owner of a known brand, product or service with a certain level of quality standards (Doherty, 2009: 529).

The concessionaire also has the status of the guardian of the concession system established by him. The concession included in the system provides support to the parties in the following areas (Combs et al., 2011: 103):

• How the product is produced

• Service provision

• Training

• Expertise

Another point that is important for the concessionaire is to provide the above support elements while on the other hand, to inspect the activities of the party in the concession area, to make the necessary evaluations in the accounting records, to request reports or information about the business processes and, most importantly, to be the franchisee. has the rights to impose a prohibition on competition, such as being valid for the duration of the contract (Doherty, 2007: 188).

2.1.3. Concession Price

The amount that the party receiving the concession rights has to pay to the party giving it the right to be included in the related concession system is called the concession fee. With a more comprehensive definition, the concession fee is the amount paid by the enterprise that receives these rights in return for granting the rights of the rights of the company holding the rights to the business name, business system, logo, etc. in a way that will be limited in a certain region (Barthelemy, 2011). 96.

In some concession systems, there is a special entry fee paid at the beginning of the contract at the beginning of the contract and paid for a single time (Burkle & Posset, 2008: 42).

Payment options within the concession system are as follows (Ullrich et al., 2007: 1):

- Continuous payments made periodically: This form of payment, also known as Royalty Fee, is a type of payment commonly used in the purchase of previously patented technologies or complex technological license agreements. After the party enters the system, the concession fee is paid to the concessionary party on the basis of the turnover or profit of certain periods (monthly or yearly) after the sale of the brand, products or services.
- Collective payments under the conditions set out in the contract

Apart from these payments, the concessionaire may also request various additional payments in exchange for support services to the other party. The details such as the manner and amount of these payments should be determined in accordance with the related concession agreement (Choo and Bowley, 2007: 343).

2.1.4. Concession Agreement

The legal framework of the concession agreement is a composite agreement which brings together certain elements of contracts such as the license agreement, know-how agreement, which are not fully defined. Therefore, this contract is not legally binding; It has become a de facto parties in the context of Turkey "was not carried out any legal regulations related to the concession agreement. It is carried out by the implementation of the provisions in the Turkish Code of Obligations. Thus, the relationship between the parties is based on the trust element.

Important details that may be requested by an entrepreneur from a large enterprise that wishes to obtain concession rights from any large business are as follows (Birhan, 1998: 304):

- Introductory information about the party receiving the concession: This document, which includes information such as curriculum vitae, education and work experience for real persons, is a report describing the entity-specific elements such as financial status, legal status and conditions for the company.

- Expected sales quota: The business or person who is in the position of a potential franchisee should transfer the details of the annual sales quota to the concessionaire and both parties should agree on these quotas.
- The region to be operated: Restrictions may be imposed in the concession agreements when determining the activity area. In this way, mutual protection is provided. The concessionary main business, while determining the concession recipients of the standards they want, gives priority to the regions that are suitable or needed to open a new spot and make their preferences accordingly.

According to Gurzumar and Berat (1995: 10): use The concession agreement recognizes the rights of the franchisor on the intellectual and industrial elements of the production, operation and marketing system of the franchisee, and the right to use it (the license), that they are under the obligation to continuously support during this system-based business activity; and that the concession area undertakes both to make and support the version of the goods or services on its own behalf and to the concessor and to pay a certain fee to the concessor, both to the system in question (provided that it complies with the principles set by the concessor and to use the intellectual / industrial elements); it is a framework contract that establishes a permanent debt relationship, is not regulated in the law, and mutually imposes rights and debts on both sides of the contract.

2.1.5. Advantages of Franchising System

It is possible to mention various advantages of the concession system in terms of both concession and concession area. These advantages also bring various responsibilities for both sides.

The main advantages of the concession system in terms of the concession area include the reduction of investment-related risks, brand-based trust on the consumer, ensuring quality-oriented, and preventing counterfeiting (Choo and Bowley, 2007: 342).

The franchisee has the advantage of starting a business with a well-known and successful brand in the sector in which it operates. In this case, it is much more advantageous than an entrepreneur who wants to operate and operate from zero point. Elements such as the brand, logo, color and store layout that belong to the concession party ensure the establishment of a sense of trust in the product or service to the consumers (Ullrich et al., 2007: 6).

Another important point for the party receiving the concession is that the franchisor has the opportunity to benefit from the experience of the business process, especially with respect to the work (Tracey and Jarvis, 2007: 679).

Conducting activities such as management, advertising, production and control in large-scale sectors, such as food or fast food, is one of the important benefits for the concession area (Choo and Bowley, 2007: 344).

Another advantage that the concession system offers to entrepreneurs is that it provides a continuous development environment and gives access to high turnover and profitability. Because the concession recipient, who will be included in a large group whose success and profitability has been proven, is provided with the opportunity to work as one of the rings of this system (Arslan, 2006, p.29).

The concessors who have acquired the privilege with the accumulation of years and concession to the successful point they have reached can easily access the pre-programmed trainings prepared in different formats for each level and unit organized by the concessionaire. In addition to the training provided by the concessionaire, consultancy services are offered in the areas of product recommendation, procurement, stock control and planning, determination of optimal stock levels, guidance on store operations, financial and legal matters, and use of modern operation and management techniques.

The concession system is a dynamic system. Therefore, it is open to innovations and developments. In the system, it is possible to take advantage of technological and social innovations quickly and to take measures within the system against the risk probabilities. In order to better compete in changing economic conditions, the concessionaire develops its products and services and conducts research and development activities while the concessionaire takes advantage of these developments with less time and cost. Continuous audits and controls by the concessioning parent firm are in fact a big advantage when it appears to be a pressure element for the franchisee. The quality change, inefficiency, theft and various errors that the concessionaire cannot realize are generated by these inspections and controls.

Among the advantageous aspects of the concession party are the following (Dant et al., 2011: 258):

• Ensuring spread

• Ensuring regular income flow through payments made by the concession field

• Thanks to the concession investment, the franchisee can avoid some basic costs that will be incurred in opening new branches.

• Sustaining the corporate reputation

• Keeping brand awareness in the eyes of consumers through store chains

Advantages of the concession system that can be evaluated for both sides are given in the table below.

Table 5: Advantages of the Concession System

ADVANTAGES OF THE SYSTEM

In terms of Concession Field	*From the Concession*
Creating business opportunities and entrepreneurs can build their own	Effective management becomes possible
Low risk of investments	Investment savings possible
Training, support and consultancy	Regular cash flow
Utilization of advertising activities	Increasing the ad fund
To benefit from R & D activities	Increased emission rate and growth
Make use of the brand name	Ensuring the spread of the brand image
To obtain the regional concession	Increased access to market and market share is possible
The availability of customer potential	Increasing competitiveness

Source: Ullrich et al., 2007, p: 4

2.1.6. Disadvantages of Concession System

The concession system also has several disadvantages in terms of the concession area. These disadvantages can be listed as follows (Burkle and Posselt, 2008: 45).

- High investment costs due to the high level of monetary costs paid to the concession system
- A possible negative perception of the concession party has the same effect on the concession area.
- High levels of control and control to which the concessionaire is subject

Similarly, it is possible to mention various disadvantaged sides in terms of the concession party (Burkle and Posselt, 2008: 45):

- The concessionaire shares all the details that need to be known about the work done to the concession business, and all the subtleties related to the work that makes it successful. At the end of the concession agreement this situation may result in the concessionary party creating a competitor with his own hand.

- If the concessionee is a legally dominant party, the party receiving the concession may cause the concessionaire to disrupt the sharing of information with a desire to become independent after a certain point.
- If the franchisee reaches the point of profit, the motivation for the job may decrease. In this case, the concessioning party's expectations are reflected in a situation reflected negatively, but the concessioning party may not be able to replace the concessionaire by the concession agreement (Barthelemy, 2011: 97).
- Although the concessionaire fulfills its responsibilities, the privilege system and hence the concessionaire may be adversely affected, sometimes due to the over-savings-oriented approach of the beneficiary.
- Regardless of the brand image of the concessionaire or the strong position in the consumer's eye, it may be possible to damage this brand image as a result of various mistakes made by the concessionaire.

The disadvantageous aspects of the concession system that can be evaluated for both sides are given in the table below.

Table 6: Advantages of the Concession System

SYSTEM'S DISADVANTAGES	
In terms of Concession	***From the Concession***
High system entry fees	Increase in overheads
Lack of assistance in obtaining credit	Possible abuse of brand
Concession system with strict rules	Possible opportunity losses
Possible reputation losses or failure	Risk of collection
Restriction of creativity	Possible mistakes in the selection of
High royalty fees	Possible loss of business secrets
Long-term and solid contracts	
Material and equipment are allowed to be taken only from specific locations	

Source: Ullrich et al., 2007, p: 4

2.2. Types of Concession

There are various classification methods for concession types. One of these methods is the classification made according to the countries where the parties are located. In this classification, concession types are divided into in-country concessions and concessions between countries.

In domestic concession applications, it is sufficient for the parties to be in the same country regardless of the content of the work. The concessioner gives a concession to the other party to be used within the borders of the country.

In this structure, concession practices are carried out between cities or between regions. Inter-city practices are referred to as narrow zone concessions, while practices between regions are considered to be broad zone concessions (Kochu, 2006: 504).

Such concession structures can sometimes have negative consequences that negatively affect the franchisee's brand. In particular, the increase in the number of regions may make it difficult to control. This can lead to the development of different ways of doing business in different geographical locations. The weaknesses in the central audit can create negative results especially in terms of quality (Combs et al., 2011: 116).

As for the concession applications between countries, it is understood that the parties are in different countries. In this structure, the franchisee is exporting its related products or services (Shoghur, 1993:).

In this structure, the concessionaire transfers the money paid for the goods or services it imports to the country, while the concessor transfers money to the country from abroad. The concessionaire may make a concession in another country and may direct the relevant company to act on its behalf in agreement with a company other than the country concerned. In this case, the party receiving the concession has the privilege in the related country (Arslan, 2006: 8).

Another classification way in terms of concession types is the classification on distribution channels. The concession types included in this classification are the producer-retailer system, the producer-wholesaler system, the wholesaler-retailer system.

In the manufacturer-retailer system, the concessionaire product is a retailer, while the franchisee is a retailer who delivers the product from the manufacturer directly to the end user. Within this structure, there is a single tool between the producer and the end user. This concession

Examples include car dealers and oil companies (Small, 2011: 12).

In this concession system, the rights to sell the product or grant the related service are granted to the franchisor through a license. The concessionaire that uses the name of the concessionaire and has to comply with the operating procedures does not have a power of decision regarding the processes (Ulash, 2006: 140).

In the producer-wholesaler system, which is another type of concession, the concessionary producer concessionaire is a wholesaler. In this kind of concession system, because the transportation and other distribution costs are not economical for the manufacturer to obtain and deliver the final product to the retailers, the producers only send their concentrates containing the main ingredients of the product to the wholesalers.

The function of the concession area is to bottling and marketing this concentrate in accordance with the wishes of the concessor. Consequently, the concession recipient has little control in determining the product characteristics (Small, 2011: 12).

In the wholesaler-retailer system, there is a system of retailer cooperatives supported by the wholesaler. The chain companies, which come together with the wholesaler's guidance, benefit from the advantages of common purchasing power.

In addition, retailer groups may come together and act as a concession company (Ulash, 2006: 140).

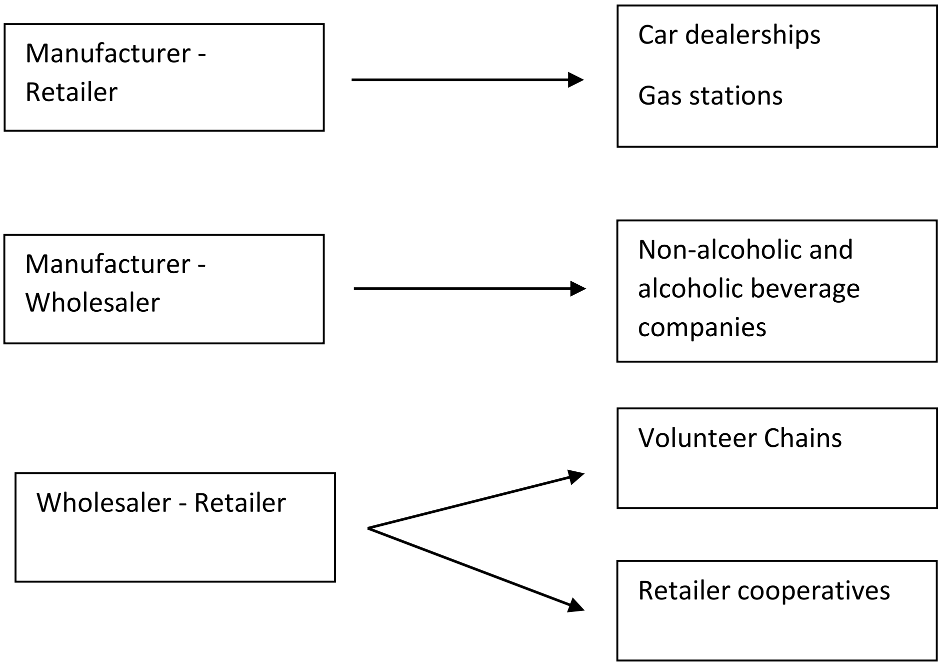


Figure 18: Types of Concessions According to Distribution Channels

Source: Doherty, 2009, s: 531

In terms of the qualifications of the enterprises in the concession system, the brand and product concession system, concession and conversion concession system as a business form are included in the classification made.

The brand and product concession system is often seen in the US. The basic principle of this type of concession is the use of a specific brand or trade name. In addition, the granting company has the right to have a large and continuous control over the counterparty, including referral and administration. On some simple issues, the concessionaire can also enter the production phase. Car and truck dealers, gas stations and non-alcoholic beverages are the most typical examples of this kind of concession. Examples of the brand name franchise system include hotel chains such as Sheraton, Holiday Inn, restaurant chains such as Mc Donald's, Burger King, Kentucky Fried Chicken, and car hire companies such as Avis, Hertz, Budget (Augu, 2008: 34).

As the operating system, the relationship between the concessionaire concession and the concessionaire is not only in the fields such as products, brands or services but also in all activities related to production and marketing in a holistic operating system. This system can be used in hotels, restaurants, retail outlets, leasing and consultancy companies (Arslan, 2006: 9).

In the converting concession system, an independent entity operating in one sector is connected to another business that is more successful than the one operating in the same sector and making its operation a concessionary party. With the concessionaire giving the brand and the operating system to the concessionaire, the concessionaire, as well as the owner of the concession, presents a property, such as a store of its own, to the benefit of the concession system. Various real estate consultancy firms, travel agencies, pharmacies can be considered among such concession applications (Shoghur, 1993: 14).

2.3. Differences of the Concession System from the Systems That Mixed

The concession system is often confused with various systems, such as dealership, licensing agreement, distributorship, due to some structural similarities.

2.3.1. Differences Between Concession and Dealership

Among the above mentioned alternatives, it can be said that the two systems that show the most similarities are the franchises and franchises. Similar points between the two systems are as follows (Tracey and Jarvis, 2007: 671):

• Point of sale selection

• Solidarity level between the parties of the system

• Activities carried out for the establishment and organization of the system between the parties

• The right to use the brand

• Privileged situations that may occur by region

Tracey and Jarvis (2007: 671) list the differences between the two systems as follows:

- As a result of the name right given in the concession system, it may be possible to operate a service with a high standard and guarantee level.
- Education is not an essential element in the dealership system. In the concession system, it is a necessity for the party receiving the concession to be trained.
- In the franchise system, while the elements that are basically exchanged are products, services or brands, in the concession system, besides these elements, there are various trade secrets, system standards that belong to the concessionaire.
- One of the main differences between the franchise system and the franchise is that certain costs are paid at the beginning of the process and at various periods during the contract period in order to use this brand.
- In the dealer system, the area of movement and the level of independence of the dealers are more than they have in the concession system.
- In the concession system, there is a direct control of the control and audit activities carried out on the workplace, financial structure and accounting records while the scope of these activities is narrowing in the dealership system.

- The constituent system elements, ie, concession parties, store design, decoration, work, such as the same as in the same medicine, the dealership system in these areas can be seen a variety of differences.

2.3.2. Differences between Concession and License Agreement

Tek (1999: 249) defines the concept of license as the permission given for the production, production or use of any work. The scope of the license agreement includes production processes, production techniques, brand and patent. In the license agreement, there is a certain amount of payments to the licensee. At this point, the licensor passes the market entry stage with low risks and the licensee acquires returns such as expertise or name right for the relevant product or service (Tek, 1999: 190).

The main difference of the license agreement's concession system is that the parties to the contract are legally independent. At this point, the licensee has very low levels of control and control over the licensee. The content and scope of the audit and control activities depend on the content of the license agreement (Shoghur, 1993: 47).

2.3.3. Differences between Concession and Distributorship

A distributorship is a contract that means that a producer enterprise handles the right to sell the product produced by a distributor in a particular region. The party that obtains the related right under this agreement obtains the right to benefit from various rights in the transactions, promotions and promotions under its own brand in the region. In addition to this, it has to take measures to meet the expectations for the protection of the quality and image demanded by the company that gives the right of distribution and to protect the stock levels in accordance with the consumer demand. In a sense, it can also be said that the distributor is the customer of the company where he gets the distribution right (Shoghur, 1993: 49).

Doherty (2007: 188) explains the difference between the concession system and distributorship as follows;

In the distributorship system, while the distributor is a customer of the producer company, the concessionaire in the concession system uses the whole system of the concessioning party exactly. In addition, the concessionaire realizes all transactions carried out on its own account.

2.4. Factors Affecting Success on Concession System

The concession system in which a business has a chance to increase its market share within the boundaries of the country or outside the country, with relatively low costs and without sacrificing the ownership of the enterprise is highly rational.

Strategy is a modern business practice. The main factors effective in the successful functioning of this system, which has significant advantages especially in order to act in accordance with the expectations of consumers in global competition, include education, specialization in the field, financial support, supervision and control activities, job satisfaction and motivation.

2.4.1. Education Factor

The training of the concessionaire in the concession area is very important for the successful operation of the system. Thanks to the educational support to be given, the success of the concessionaire is ensured, while the success of the concessionary party can be maintained by this success. Dant and others (2008, 96)

States that educational activities to be provided by the concessionaire may include:

• Store design and layout

• Supply of equipment and equipment related to work

• Checking of stocks

- Advertising activities
- Planning and managing accounting activities
- Employee selection and recruitment
- Store management

Some of the concessionaire companies can provide training support by preparing handbooks prepared for educational purposes, preparing various training programs or having various simulation applications related to the job before initiating the business related processes. In this sense, educational support provided to the concessionaire may vary according to the concession system in which the firms are involved and the qualifications required for the related job (Ulash, 2006: 133).

2.4.2. Specialization in the field

Specialization in a business field can be expressed as the effect it creates on its subordinates with respect to skills, competence and knowledge level within the scope of the related business area (Kochel, 2015: 386). In addition, Palmer (1993: 38) refers to specialization as a concept that can be obtained on an individual scale and can be utilized by many people.

When the structure of the concession system is taken into consideration, it is seen that the party receiving the concession is often confronted with the fact that there is a lack of knowledge and experience of the system in which it is involved. For this reason, the concessionaire can obtain product or service and sell this product or service to the customers by catching the specialization in the field of business by means of the various aids received from the concessionaire (Barthelemy, 2011: 100).

The importance of the specialization power of the concessionary party comes to the forefront in the beginning of the process in which the concessionaire party is carrying out the works. Specialization power is a very important element for making a sustainable concession system possible (Hardy and Magrath, 1988: 365).

2.4.3. Financial Support

The soundness of the financial structure is a critical element for both the concessionaire and the concessionaire. Being the main factor in the conduct of the system in terms of the concessionaire creates a large capital requirement. The establishment and development of a system on a national or global scale involves considerably high costs (Burkle and Posselt, 2008: 41).

After obtaining the necessary concession rights in the concession area, it is important that the financial structure is able to withstand this process, especially in the process starting to capture the break-even point from that point (Combs et al., 2011: 112).

One of the most basic financial guarantees for the concessionaire is the entry fees paid by the concessionaire at the initial stage. The concessioning party may use these fees to finance the initial training for the concession area as well as to develop the concession system (Dant, 2008: 96 (.

Another importance of the entrance fees received from the point of view of the concessionaire is that the concessionary party makes it possible to increase the working capital with the income obtained from the new investors without having to carry out any public offering activities (Davis and Cobb, 2009: 56). In this respect, it should not be forgotten that an activity such as the sale of shares will include the risk of losing control over the system in the name of the concessionaire (Ulash, 2006: 140).

It is possible that a concession area will experience difficulties due to the high cost of capital at the time of its establishment. Moreover, it is inevitable that a certain period of time is needed to make the process work. Also in this process concession area the Bank may also face various problems such as the provision of loans from financial institutions. At this point, the granting party may provide financial support to the concessionaire by taking the postponed or postponed payments for a certain period of time. Or it is a possible financial support alternative to cover costs such as equipment supply, store decoration, advertising or expenditures for personnel in the beginning phase (Doherty, 2009: 532).

Although the capital costs are high in the concession system, most of this capital is mostly provided by the concessionaire (Ulash, 2006: 141).

2.4.4. Audit and Control Activities

In terms of the concession system, various processes applied by the concessionary party to the strategic decisions of the concessionaire parties due to the reasons such as increasing the efficiency of the marketing strategies of the concessionaire party, harmonization between the members of the system and catching the standard. In the auditing and control processes, the concessionaire can determine the conditions for the sale of the relevant product or service, and on the one hand, the concessionaire can direct all developments starting from the point of establishment of the business of the concession (Whittemore, 1984: 20).

At concession points of concession, it has to make audit and control activities continuous in order to have an idea about compliance with important standards in stores.

Control activities that are very important in terms of maintaining the operational standards of the system and the successful operation of the system, such as auditing the suitability of hygiene-based conditions, updating the training of personnel, correcting the errors that have occurred and setting the operation to a certain standard can be considered (Barthelemy, 2011: 98).

Examples of auditing activities include examining accounting records of the concessionaire party, auditing the workplace, requesting periodic reports, applying the prohibition of competition for a certain period after the expiry of the contract or the protection of various rights based on license (Ulash, 2006: 144).

2.4.5. Job Satisfaction and Motivation

Motivation is a concept that can be defined as a factor or an initiator that initiates behaviors to eliminate a need. This force, which can be positive or negative, can make individuals happy and create disappointment on individuals (Kim, 2005: 14).

In terms of the business environment, motivation can be defined as a number of extra rights or concessions that can enable employees to do their jobs more successfully in accordance with the objectives of the business or organization. At the same time, it is also important to maintain business.

Motivation is an important factor in the success of the concession system. One of the most important motivation factors of the person in the position of the concession area is the level of personal satisfaction which arises from the fact that he works in his own business according to an employee working in the field of sale in the concession enterprise. In addition, the privilege and dignity of the grantee are shared by the concessionaire (Ulash, 2006: 143).

In their study, Dant et al. (2008: 96) attempted to uncover the quality of service and relationship quality in the concession system and listed the elements of relationship quality as follows:

- Being aware of the terms of the contract
- There is an open contract
- Scope of the contract
- The focus of the relationship between the parties
- Reciprocal relationship

• Flexibility

• Restrictive elements

• Collaboration level

• Presence of information exchange

• Level of participation in decision processes

• Being ready for solution-oriented behavior when it comes to conflict Work satisfaction is a very broad concept. Job satisfaction for the entrepreneur

performance of the individual with the elements gained in the processes related to his work or his / her expectations about the job

The relationship between. In this respect, job satisfaction is an important factor in the functioning of the concession system.

Factors affecting job satisfaction of the party receiving the concession are as follows (Oshagbemi, 2003: 1221):

• The support items provided to the concessionaire by the concession party overlap with the expectations of the concessionaire.

• Rewarding the positive effect or contribution of the concession field to the concession system.

• The trust bond is allocated between the concessionaire and the concessionaire

2.5 Evaluation of current state and potential of franchising in Azerbaijan

Franchising can be a successful retail model in Azerbaijan. The Azerbaijan Franchise Association (AFA) was established in 2007 and Azerbaijan is seeking to join the World Franchise Council. A number of leading U.S. franchises in the food, weight loss, and clothing industries operate in Azerbaijan. International hotel chains have seen significant growth. Franchises of leading Turkish and European brands are also operating in Azerbaijan. U.S. brands are encouraged to consider franchising opportunities, but may wish to partner with a local entity to navigate the legal requirements for setting up a franchise. The Commercial Section at the U.S. Embassy also provides paid commercial services to parties interested in identifying an international partner and setting up a franchise in Azerbaijan. (https://www.export.gov/article?id=Azerbaijan-Franchising)

Here some franchisees in Azerbaijan:

Hotel Sector
Hilton Honors
Marriot
Holiday Inn
Four Seasons
Food Sector
Southern Fried Chicken
Gloria & Jeans
Cinnamon
Pizza Hut
KFC
McDonalds

US Franchisee available in Azerbaijan:

Name of Franchisee	Minimum Cash Required
Beacon Deals	149$
Perk Up	149$
Social Owl	149$
TAD Group	20.000$
Young Engineers	39.000$

Chem-Dry Carpet Cleaning International	30.000$
Smoothie Factory Master Franchise	300.000$
Skyhawks Sports Camps	30.000$
The Growth Coach	50.000$
Property Management Inc.	50.000$
Little Media School	20.000$
Café Barbera	150.000$

Source: Franchisedircet.com

Azerbaijan's franchising market has great potential for development, Elnur Islamov, head of the Azerbaijan Franchising Center, said March 2 on the sidelines of the Caspian Franchise Forum 2018 in Baku.

"There are local brands in Azerbaijan that can become a basis for creating a broad franchise network," Islamov said. "Our center works with these brands, and we are aimed at creating conditions for them to expand their presence both on local and foreign markets. The franchise model makes it possible to expand business without additional investment injections."

He noted that despite the great development potential, the franchising market of Azerbaijan is at an early stage of formation.

"If we take into account that the global level of capitalization of this market is about $6 trillion, the absence of our brands in this niche is regrettable," Islamov said. "However, I think that this market has its own prospects in Azerbaijan as well. The economic development of the country and the promotion of exports and investments give strength and incentive to entrepreneurs to turn their companies into well-known brands." (Azernews)

Conclusion

The purpose of this research is to investigate the effectiveness and effectiveness of franchising by obtaining substantive information about the modern approaches to the business management and the franchising application in food sector in case of Azerbaijan.

So we decided to introduce traditional and modern approaches to business management and provide information about each of them. As a result, I tried to find out how they were practically applied on the franchises established in the food sector of Azerbaijan by determining their most effective.

As you can see from the research, Business Management has different approaches and each of these approaches is a separate system. In my research, I tried to compare and analyze each of these approaches. As a result, I came to the conclusion that what is more effective and better depends on the sector used and the economic situation in the country.

Then I continued my research with the franchising system. The concession system is defined as a registered trademark, a known name, a business, and a party. The concession system is defined as a concessionaire. The concessionaire, which can be defined as the owner of the concessionaire system.

Finally, I assessed the effectiveness of franchising systems created in the food sector of Azerbaijan. I came to the conclusion that in recent years, franchising has developed in Azerbaijan's food sector. One of the main factors influencing the development of franchising was the state's economic policy.

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